TAXATION

1975 - 1977
24. Mr. J. E. WOOD asked the Minister of Finance:

(a) How many (i) Whites, (ii) Coloureds and (iii) Asians were eligible for income and/or provincial tax in each province and 
(b) what amount was collected from each group, during the latest year for which figures are available.

The MINISTER OF FINANCE:

Provincial tax is no longer levied on persons on the incomes of persons. The following figures relate to persons assessed for normal income tax in respect of the 1973 tax year. Not all assessments for that year have yet been issued.

<table>
<thead>
<tr>
<th>Province</th>
<th>(a) No. of Tax Payers</th>
<th>(b) Amount Assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>for Normal Income Tax</td>
<td></td>
</tr>
<tr>
<td>Cape Province:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) White</td>
<td>330 042</td>
<td>125 765 217</td>
</tr>
<tr>
<td>(ii) Coloured</td>
<td>77 772</td>
<td>7 132 298</td>
</tr>
<tr>
<td>(iii) Asian</td>
<td>3 228</td>
<td>98 891</td>
</tr>
<tr>
<td>Natal:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) White</td>
<td>149 394</td>
<td>85 940 837</td>
</tr>
<tr>
<td>(ii) Coloured</td>
<td>5 604</td>
<td>731 978</td>
</tr>
<tr>
<td>(iii) Asian</td>
<td>36 707</td>
<td>5 933 768</td>
</tr>
<tr>
<td>O.F.S.:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) White</td>
<td>42 111</td>
<td>41 471 505</td>
</tr>
<tr>
<td>(ii) Coloured</td>
<td>455</td>
<td>42 939</td>
</tr>
<tr>
<td>(iii) Asian</td>
<td>1</td>
<td>448</td>
</tr>
<tr>
<td>Transvaal:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) White</td>
<td>605 112</td>
<td>386 943 085</td>
</tr>
<tr>
<td>(ii) Coloured</td>
<td>8 306</td>
<td>933 891</td>
</tr>
<tr>
<td>(iii) Asian</td>
<td>12 352</td>
<td>3 988 179</td>
</tr>
</tbody>
</table>
Taxation of Bantu

*1. Dr. F. Van Z. Slabbert asked the Minister of Bantu Administration and Development:

(a) What amounts were collected from Bantu in taxes under the Bantu Taxation Act in each financial year since 1970-71 and (b) how many Bantu paid tax based on income in each of these years.

†The Deputy Minister of Bantu Development:

(a) 1970-71 R14,929,755
    1971-72 R16,538,984
    1972-73 R18,243,709
    1973-74 R25,277,680

(b) 1970-71 1,386,568
    1971-72 1,661,670
    1972-73 1,817,785
    1973-74 2,194,909
Repayment of loan levies

*38. Mr. R. J. LORIMER (for Mr. G. H. Waddell) asked the Minister of Finance:

(1) (a) How many tax-payers have not yet claimed repayment of loan levies paid during the period 1942 to 1945 and (b) what is the total amount unclaimed;

(2) whether a date has been determined from when unclaimed loan levies will be forfeited to the State; if so, (a) what is the date and (b) what steps have been taken to inform tax-payers.

The MINISTER OF FINANCE:

(1) (a) Approximately 100,000.

(b) R1,079,141.

(a) 31 October 1975.

(b) A notice was inserted in the Government Gazette on 7 March 1975 and on the same day a Press announcement was released through the medium of the Department of Information, in which attention was drawn to the provisions of section 4(1) of the Finance Act, 1974 (Act No. 84 of 1974) and persons involved requested to submit loan levy certificates in their possession to the Treasury for redemption.
**Question**

Write on both sides of the paper

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**Hansard 3**

25 March 1975

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**Income tax from 1970-71 to 1973-74**

*Mr. G. H. WADDELL asked the Minister of Finance:*

(a) How many Whites, Asians and Coloureds, respectively, paid income tax in each financial year from 1970-71 to 1973-74 and the total amount paid in each of these years by each group.

(The MINISTER OF FINANCE (Reply laid upon Table with leave of House):)

The following figures relate to persons assessed for normal income tax and provincial personal and income taxes in respect of the 1971 tax year and for normal income tax in respect of the 1972, 1973 and 1974 tax years. Provincial taxes on income fell away as separate taxes with effect from the 1972 tax year, from which year they were consolidated in the normal income tax. Not all assessments for the 1973 and 1974 tax years have yet been issued.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Tax Payers</th>
<th>Amount Assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>R</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1971 tax year</td>
</tr>
<tr>
<td>Whites</td>
<td>1,236,453</td>
<td>1,172,814</td>
</tr>
<tr>
<td>Asians</td>
<td>49,265</td>
<td>52,999</td>
</tr>
<tr>
<td>Coloureds</td>
<td>1,141,993</td>
<td>1,131,381</td>
</tr>
</tbody>
</table>

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Repayment of 1969 loan levy

*20. Mr. D. D. BAXTER asked the Minister of Finance:

What amount of the 1969 loan levy will be repaid to (a) diamond mining, (b) gold mining and (c) other companies during the current financial year.

The MINISTER OF TRANSPORT (for

<table>
<thead>
<tr>
<th>Capital</th>
<th>Interest, calculated on the full term of seven years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>1403920 R</td>
<td>1895292 R</td>
</tr>
<tr>
<td>(b)</td>
<td>4169535 R</td>
<td>5628872 R</td>
</tr>
<tr>
<td>(c)</td>
<td>14005320 R</td>
<td>18907182 R</td>
</tr>
</tbody>
</table>
21. Mr. G. N. OLDFIELD asked the Minister of Finance:

(1) (a) What is the present amount of the Loan Levy Account and (b) what is the amount of loan levies held in respect of (i) individual tax-payers and (ii) companies;

(2) what is the present rate of interest payable on loan levies;

(3) on what date is it expected that loan levies for the 1969 tax year will be repaid;

(4) whether consideration has been given to the earlier refunding of loan levies paid by elderly tax-payers in respect of tax years subsequent to 1969; if so, with what result; if not, why not.

The MINISTER OF TRANSPORT (for the Minister of Finance):

(1) (a) In respect of capital only:
   R416 932 284.

   (b) (i) R148 196 651.

   (ii) R268 735 633.

(2) 5%.

(3) The law requires me to determine in respect of each relevant year of assessment a date, not being later than the last day of February in the seventh calendar year commencing after the end of such year of assessment, after which the loan portion in respect of such year of assessment shall be repaid to the person by whom it was paid. This means that the date which I am required to determine in respect of the 1960 loan portion must not be later than 29 February 1970. That date has been fixed.

(4) Yes. The following measures have been introduced:

(a) The law was amended in 1972 for the purpose of authorizing the Secretary for Inland Revenue to repay the loan portion, before the date which I am required to determine, to any person who proves to his satisfaction that owing to old age, continued ill-health or infirmity or for any other reason, his financial circumstances are permanently reduced and that he will probably not be liable for normal tax in the future.

(b) In respect of the 1972 tax year, which was the last year for which individuals were liable for the payment of the loan portion, persons over the age of 65 years on the last day of that year were not liable for the payment of the loan portion if their incomes did not exceed R5 000.

These measures were adopted for the purpose of alleviating hardships. As the loan portion is an interest-bearing investment, it was not considered desirable to make premature refunds thereof merely on the grounds of age, for this would have deprived aged tax-payers of the benefit of a tax-free yield upon maturity of the loan portion.

Income tax: Medical/dental expenses

The MINISTER OF FINANCE replied to Question *18, by Mr. G. H. Waddell.

Question:

Whether representations have been made to the Department of Inland Revenue in regard to the particulars of medical and dental expenses required to be furnished in returns of income for income tax purposes; if so, with what result.

Reply:

Yes. Representations were made by the Federation of Medical Aid Schemes in regard to the furnishing of certificates to members specifying the medical, dental and hospital fees and the cost of prescription medicines paid by them during the tax year.

It was agreed that, for the 1975 tax year, unspecified certificates issued by medical aid schemes would be accepted as sufficient proof of payment by members for income tax purposes.
Certain donations deductible from taxable income

The MINISTER OF FINANCE replied to Question *29, by Mr. G. H. Waddell.

Question:

Whether consideration has recently been given to making donations (a) for educational purposes other than universities, colleges for advanced technical education and the National Study Loans and Bursaries Fund and (b) to registered welfare organizations, deductible from taxable income; if so, with what result; if not, why not.

Reply:

Yes. Careful consideration has been given to all representations in this regard which have been received from time to time, but it has not been found possible to accede to them.

Income tax is imposed in accordance with certain basic principles, one of which is that only expenditure incurred in the production of income qualifies for deduction in the determination of taxable income and that private expenses may not be so deducted. It is for this reason that donations are, in general, not tax deductible, however meritorious the purposes to which they are put may be.

Although these principles have been departed from to a limited extent on the recommendation of the Commission of Inquiry into Fiscal and Monetary Policy of South Africa, the departure was justified on the grounds that it would result in the attainment of a specific object. The Commission could, however, not recommend that the concession be extended to cover donations to charitable, ecclesiastical and other educational institutions.

A further departure from the principle mentioned before to make virtually all donations deductible for income tax purposes, would lead to requests that other types of private expenditure should also be made tax deductible which would be difficult to resist. These deductions if granted would contribute to the erosion of the tax base which would in turn frustrate attempts to keep tax rates as low as possible.

Having regard to the fact that donations to educational institutions and registered welfare organizations do not attract liability for donations tax and that bequests to them are not subject to estate duty, further fiscal relief beyond what has been the practice for many years in this context, is not regarded as justifiable.

It is, moreover, considered that it ought to be the pride of every citizen to contribute towards educational and welfare activities in his community without the expectation of the subsidization of his contributions by the State in the form of income tax concessions.
SOUTH AFRICANS may soon have to pay a capital gains tax. This means that profits made on, say, the sale of property, would be some liable to taxation.

The controversial tax is being strongly recommended by a senior Government figure who has a powerful influence on the country's taxation structure, the Secretary for Inland Revenue, Mr W. G. Schickerling.

Dropping his bombshell at the annual congress of the Afrikamaas Handelsinstitut in Windhoek this week, Mr Schickerling said the lack of a capital gains tax in South Africa indicated a gap in its taxation system, and warned that he would work for its introduction.

Convinced

His experience in his department and what he had heard at the congress had merely convinced him that a capital gains tax—first recommended by the F. amman Commission in 1965—had become essential.

He admitted that he was not announcing accepted Government policy, but emphasized that he was entitled to make recommendations to the Minister of Finance.

While the introduction of the new tax would result in administrative problems for his department, he believed that "the game was worth the candle". He said that there would be more clarity in South Africa's tax law about what constituted capital gain.

"Why should profits on land that was purchased less than two or three years previously, or on shares that had been held for less than one or two years, not be regarded as normal income and taxed in full?"

It would not be an easy task to introduce such a system, but the problem would henceforth enjoy "undivided attention" of his department.

Mr Schickerling said that voices were constantly raised against the so-called high rate of marginal taxation, over estate duty tariffs, for the increase of taxation allowances, and the reduction of sales duty.

"In the same breath they plead for an improved infrastructure and better social services and allowances, without recognising that the State needs a given amount annually to meet its current commitments and to improve and expand existing services." No government imposed taxes purely for pleasure, he said.

Mr Schickerling was one of a number of Government representatives—including the Minister of Economic Affairs, Mr Chris Hutten; the Secretary for Commerce, Mr Joss Steyn; and members of the Prime Minister's Economic Advisory Council—to attend the three-day Handelsinstitut congress.

The meeting adopted a markedly vigilete line in discussions on Black-White labour issues such as relations between Black and White workers and the optimum use of South Africa's labour resources.

Credibility

In his presidential address, Mr Chris Bisschoff pleaded for the immediate consolidation and independence of the homelands. Development aid could then be negotiated on an inter-state basis and would not be South Africa's sole responsibility.

This move would lend further credibility to the policy of detente, Mr Bisschoff said, and would mean that the homeland policy would not stagnate in old patterns, but would be able to develop dynamically, "keeping pace with new needs and circumstances."

Mr Jan Haak, the former Minister of Economic Affairs, succeeds Mr Bisschoff as president of the Handelsinstitut.
When do domestics PAYE?

Extracted from Businessmen’s Law, published eight times a year from Box 2801, Cape Town, 2000.

PAYE records required by the Fourth Schedule to the Income Tax Act.

Before attempting to answer these questions, let us dispose of a few subsidiary matters.

First, PAYE is not to be deducted from any amount paid to an African. There is an entirely different Act applying to the taxation of Africans.

In addition, the home ownership in domestic servants is based on the foundation of future, separate, systems of taxation.

At present, whatever his or her duties might be, the employer of a Black domestic servant need not register as an employer under the Fourth Schedule to the Income Tax Act.

Second, the value of benefits in kind given by an employer are valued for tax purposes at their value to the employee and not at their cost to the employer.

Since the domestic servant can normally obtain board and lodging at a lower cost than the amount spent by the employer to maintain his servant, the domestic servant’s total wage (in cash and kind) for income tax purposes is usually less than the full cost to the employer of that wage.

Third, even if the domestic servant earns more than R60 a month, it does not follow that he or she will be liable to income tax.

An unmarried domestic servant may earn at least R30 a year, or R2.50 a month, without incurring any liability for tax.

R700 is the amount of the ‘primary’ abatement granted to unmarried tax-payers. Similarly, a married domestic servant may earn at least R3,300 a year, or R26.66 a month, without incurring a liability for tax.

An unmarried domestic servant wholly or mainly maintaining a child qualifying for abatement — for example, a child under the age of 18 years — is eligible for abatements totaling R1,700, equivalent to R42.50 a month (tax free).

Nevertheless, the employer’s obligation to register as an employer and to make deductions of PAYE does not in any way depend upon his employee’s liability to tax, but is governed solely by the Fourth Schedule to the Income Tax Act.

Since an “employer” is someone who pays “remuneration,” and since “remuneration” includes income payable to a domestic servant when that income is calculated at a rate exceeding R60 a year, in principle the employer has no choice but to register as an employer.

Clearly, it would cause hardship to domestic servants if PAYE is to be demanded from their wages in circumstances where it is likely that they are not liable to tax. Similarly, it would cause hardship to the employers of domestic servants in these circumstances to have to comply with the formalities of the Fourth Schedule.

A possibility of such hardship has in theory arisen because the Fourth Schedule failed to keep pace with the gradual increase in the amount of income that may be earned by a taxpayer before becoming liable to tax.

The limit of R400, be that as it may, is not applicable in 1963. In practice, however, even if the employer of a domestic servant did register as an “employer” for purposes of PAYE, he would, under the latest Tax Deduction Tables to be sent in nil PAYE returns each month if his male domestic servant is married and earns up to R100 a month, or if his male or female domestic servant is unmarried with no children and earns up to R60 a month, or is unmarried with at least one child and earns up to R109 a month.

But the tables require a deduction to be made from the earnings of a married domestic servant who earns more than R60 a month.

Is the employer who pays his domestic servant, either other than a married female domestic servant, more than R60 a month, compelled to comply with the formalities of the Fourth Schedule even though his servant is not liable to tax, or even though the tax deduction to be provided in any deduction from the particular remuneration he pays his servant?

Although Para 2 of the Fourth Schedule gives the Secretary to the Revenue power to authorise an employer not to deduct PAYE from remuneration payable to an employee, it fails to give him authority to decide that a taxpayer who only technically is an “employer” from his ability to register as such,

But once the employer need not deduct PAYE, this is surely the most technical of technicalities.

Nevertheless, even though the Department of Inland Revenue generally adopts a most reasonable and practical approach, such an action on the part of the employer technically remains an infringement of the law.

Finally, what about those who are perplexing agreement to the Fourth Schedule last year, a char woman would appear to be receiving remuneration provided that she is paid at a rate in excess of R2 a day (say, R5 a day, since she is subject to the control or supervision of any other person as to the manner in which those duties are performed, or to her (her) hours of work, or the amounts . . . payable for (her) services consist of or include earnings . . . which are received at regular daily, weekly, monthly or other intervals.

Thus exactly the same considerations apply to those who are subject to a casual domestic servant.

The simplest solution to the problem is for Parliament to increase the R60 limit. Let us hope that this forgotten corner of our Act will be amended soon.
Internal detente: Blacks to meet

Johannesburg — Chief Lucas Mangope of Bophuthatswana is organizing a summit meeting of homeland leaders to carry the process of internal detente a step forward.

Chief Mangope confirmed yesterday that he had already secured agreement in principle for the meeting from homeland leaders and that it was now merely a matter of fixing date and venue for the meeting.

The primary purpose of the meeting was to discuss, among other matters, the overspending by homeland leaders in their two meetings with the Prime Minister, Mr. Vorster, in March 1974 and January 1975.

Union rights

Among the key issues which Chief Mangope plans to raise with homeland leaders are:

- Trade union rights for black and white miners.
- Sharing national revenue between black and white — and world-wide instead of just the amount paid to foreign direct and indirect recipients.
- The treatment of black and white citizens in the central government.
- Discriminatory laws in South Africa.
- The movie "Wuthering Heights" in South Africa.
- The need to formulate a national policy for the administration of Natives' Areas.
- The need for a national policy on the application of indexation.

Left open

The question of trade union rights was left open when the Cape Town meeting of homeland leaders with Mr. Vorster ended. It was agreed that the Prime Minister would meet the leaders in order to discuss the situation.

Two experts

At the March talks in Pretoria, "the Prime Minister later proposed to appoint an expert to be joined by an expert nominated by the homeland leaders to investigate the allegations that the Bantu people in general and the homeland governments in particular are not getting a fair share of the resources from taxes paid directly and indirectly into the budget."
Grappling with an inflationary economy in difficult times

**Question:** How severe is the current economic crisis in South Africa?

**Answer:** The real growth rate of South Africa is expected to be between four and six percent in 1975 compared with seven percent during the past two years. In several European countries, the growth rate is rather more.

**How much unemployment is there in the country?**

The employment rate of whites, Asians, and Coloureds is not the same, and there are no reliable figures for Blacks, but it would be difficult to determine the extent of unemployment.

**How is the Government spending and the money supply related?**

During the last few years, Government spending has risen at a higher rate than government expenditure. Spending on the economy is running at full capacity or higher, and the Government is trying to balance government spending, the money supply, and the economy's ability to pay.

**What is the extent of public sector overspending?**

In 1975, the public sector overspending is estimated at £19 billion, which is 12 percent of gross domestic product and 5.4 percent of the money supply. Direct aid is significant.

**In the midst of a deep world recession, which is still encountering inflation, South Africa's economy continues to be strong.**

**But the country is not without problems.**

The most notable worry is an inflation rate of 10 percent, which is higher than most European countries and the United States. South Africa's new Minister of Finance, Senator D. K. Horwood, entered office in an awkward period.

Interviewed by Neil Beltham at the Union Buildings in Pretoria, he answers questions frankly.
Wives may be taxed separately

The Argus Correspondent 28/6

PRETORIA. — The Minister of Economic Affairs, Mr J. C. Heunis, said yesterday his department was investigating separate tax for husband and wife.

If there was a case for ending joint taxation, it would be put to the Standing Commission on Income Tax, he told the National Party's Transvaal Congress.

But it was possible that general income tax rates would have to be increased to compensate for the loss of earnings, he added.

Other points raised at the congress yesterday included:

- The Minister of Social Welfare and Pensions, Senator J. P. van der Spuy, said linking pensions to the cost-of-living index would "ruin the economy." It would lead to similar demands from salary earners, he said.
- There were too many cars on South Africa's roads, Mr Heunis told the congress. Rejecting a call for fuel taxes to be cut, he said the country's traffic pattern showed a great deal of fuel was being wasted. South Africa had one car for every 14 people, compared with a world ratio of one car for every 114 people.
- Congress passed a motion of thanks to the Minister of Justice, Mr J. J. Krüger, for "humanitarian and correct action" at the time of Ernst Fischer's death, and for his active presence during the attack on the Israeli Consulate in Johannesburg.
- The Minister of Community Development, Mr A. H. du Plessis, said his department would act whenever it received complaints that Indian businesses were being run out of White areas through White nominee. "But it was often difficult to get proof," he said.
Use of Coloured labour urged

The Deputy Minister of Bantu Development, Mr. Raubenheimer, gave a hint last night that stricter regulations may be applied in the Western Cape to force employers to use Coloured instead of Black labour.

Many people, including Nationalists, claimed that Coloured workers were of no good," he said; "I say that approach must be pushed into the background. Stricter regulations should be made. People must step themselves to help us in this whole process," Mr. Raubenheimer added.

People were still asking for more concessions for Black labour on the excuse that Coloured labour was bad, he said. But the time had come for Coloured labourers to be better trained, and better paid once he was trained.

SYSTEM "EVIL"

Mr. Raubenheimer said the migratory labour system was regarded as evil and should be removed. He appealed to farmers to train Coloureds and not to allow Blacks in the Western Cape.

Dealing earlier with bottlenecks in the resettlement of Blacks in the homelands, Mr. Raubenheimer said the department's great problem was to get funds.

Black spots were being removed first because conditions were not controllable there. Blacks would be resettled in towns where hospitals, schools, business and other facilities would be provided.

AN IMPACT

Sada and Imbasa, which had made an impact on the world because it was said people were forced to go there, now had more people than had been provided for. There was a tremendous shortage of housing and the department was not getting enough money to catch up with the backlog.

People claimed that Blacks did not want to go to the homelands, but Mr. Raubenheimer said he could give the assurance that if houses were provided (even without other facilities) Blacks would trek there in their hundreds of thousands.
Present system won’t favour separate taxing of women – official

PRETORIA — South Africa’s tax system would have to be materially amended if married women were to gain from separate taxation, the secretary for inland revenue, Mr W. G. Schickerling, said here yesterday.

A survey done recently by the department he said indicated that more than 40 per cent of all working married couples would lose if they were taxed as individuals, on unmarried rates.

"Only those couples in the high income bracket would gain if they were taxed separately!" Mr Schickerling said that 70,5 per cent of working married couples on the register earned less than R8,000 a year; 90,5 per cent less than R10,000 a year; and 97,3 per cent less than R16,000 a year.

It was only those in the R16,000 a year category who would benefit.

Mr Schickerling pointed out that if husband and wife were taxed separately they would lose the R750 deduction provided for in the present joint taxation system.

He added that the standing commission of inquiry into tax matters under the chairmanship of the Secretary for Finance, Mr G. Browne, was completing its report and recommendations on the taxation of married women. This report would be presented to the Minister of Finance before the end of the year.
Equality:
‘Whites must pay more tax’

GRAHAMSTOWN — Whites must be prepared to make material sacrifices through voluntary taxation to bring about eventual racial equality in South Africa, Professor Hansi Pollak told the International Convention of Women here today.

Professor Pollak, a former head of the Department of Sociology and Social Work at the University of Natal, said he believed many Whites were prepared to make such sacrifices.

“I believe most Whites with a social conscience would happily pay an extra 10 percent income tax if this were earmarked for additional African, Coloured and Indian education and for the reduction in salary, wage and pension differentials,” he said.

She would not happily pay extra if the major part of the tax were to be used for defence and for the cost of providing and administering discriminatory laws and services.

“We must consequently wage a dual campaign actively for the attainment of what we believe to be the priorities in national expenditure and secondly for the elimination of all disparities and discriminations.”

The removal of discrimination in all areas could not be effected rapidly because the existing differences were too great. But a vigorous, unrelenting and sustained effort at their reduction could and should be pursued. The costs would be considerable.

She said action was required in two directions. The first and most important was to extend education, training and employment opportunities and housing. The second was to reduce existing disparities in salaries, wages, pensions and grants.
Sums collected from Bantu in taxes/levies

*40. Dr. E. L. FISHER (for Mr. R. M. Cadman) asked the Minister of Bantu Administration and Development:

(i) What sums were collected from Bantu in the Republic, including the Transkei, during the financial year 1973-74 in (a) tax based on income, (b) fixed tax, (c) hospital levies, (d) general levies and (e) other forms of direct taxation;

(2) (a) what is the estimated sum that was collected from Bantu during the latest year for which figures are available in (i) regional levies, (ii) tribal levies and (iii) quitrents and (b) for what year are these figures given.

†The DEPUTY MINISTER OF BANTU DEVELOPMENT:

(1) (a) R17,889,845-00.

(b) R7,387,835-00.

(c) R59,924-00.

(d), (e) and

(2) Receipts are brought to account in the books of homeland governments and details are not available from my Department.
The inexusable apartheid in tax

The GOVERNMENT's failure to act to bring an end to racial discrimination in the tax laws is inexplicable — and inexusable.

The issue, on which we have previously commented, arises again because the National African Federated Chamber of Commerce, Nafoce, has reported that a request for changes in the law which it sent to the Department of Bantu Administration and Development last year has not drawn a reply. Perhaps the department is simply too embarrassed to say anything.

The discrimination applies in a range of ways:

- Africans must start paying income tax the moment their earnings are more than R360 a year, irrespective of their age or marital status. But others — Whites, Coloureds and Asians — only become due for tax when their income rises above R700 a year if unmarried (and R1 100 a year if they are over the age of 60).

For these other groups, the tax level steadily rises if they are married and have children: thus it's R700 for married people, R1 700 for married with one dependant, R2 800 for married with three dependants, and so on, with corresponding allowances for those aged more than 60.

- Every African male, once he turns 18, must pay the R3,50 a year poll tax — a "head" tax. Anyone who does not pay it is guilty of a criminal offence — and tens of thousands are indeed arrested and prosecuted under this each year.

This is specific to Africans and no one else.

- Other groups are allowed abatements as a matter of course. But Africans are denied them: no abatements for children and dependants, medical and dental expenses and life insurance premiums.

- African widows are singled out for special discrimination: they are treated as single people, however many children they might have. Non-African widows, on the other hand, are given married status — and, as a result, pay less tax.

- In urban areas, African householders pay a monthly compulsory levy towards the cost of building schools for their children.

- And finally, some of the Bantustan governments have introduced additional taxes which are payable by their citizens whether they reside in or outside the "homeland" areas.

Admittedly, in some instances the tax discrimination works in reverse and actually helps Africans. Thus husbands and wives are taxed separately and benefits of housing and rations are not taken into account. Also, curiously, as African incomes rise the tax system ensures that the better-off pay less than their White, Coloured and Asian counterparts.

But these few advantages — which are, incidentally, also indefensible — are completely outweighed by the fact that those who are the least well-off must pay tax on a greater scale than anyone else.

That is beyond justification. And when, in addition, it is taxation without representation, it is intolerable.

Senator Owen Horwood failed to remedy this disgraceful situation in his first Budget as Minister of Finance last April. With preparations now under way for the next Budget, he should be giving his attention to introducing a non-racial taxation system.

Apart from removing manifest injustices, it would help to lend some credibility to the Government's pledge about doing away with racial discrimination.
Contribution to National Road Fund from sale of petrol

105. Mr. R. J. LORIMER asked the Minister of Transport:

What amount was contributed to the National Road Fund from the sale of petrol during the financial year 1974-75?

The MINISTER OF TRANSPORT:

R93 290 195-34.
Outstanding final income tax assessments

136. Mr. D. D. BAXTER asked the Minister of Finance:

What number of final income tax assessments remain to be issued to individuals in respect of (a) the tax year ended 28 February 1975 and (b) each prior tax year for which there are final assessments outstanding.

The MINISTER OF FINANCE:

(a) 467,650.

(b) The total number of final income tax assessments remaining to be issued to individuals in respect of all tax years prior to the tax year ended 28 February 1975 is 128,431. As statistics for arrear years are maintained in the aggregate, it is regretted that an analysis showing each year's outstanding separably cannot be given.
Rupert on burden of company tax

By PAUL DOLD
Financial Editor
THE return of the individual investor to the stock market is essential for the future of free enterprise, Dr Anton Rupert said in Cape Town yesterday.

"This fact should receive the attention of all free enterprise governments. Company taxation, for example, seems to have been raised to levels which make it less and less possible for new public companies to be formed.

"The result has been an extraordinary and now perhaps dangerous rise in the relationship of debt to equity and a general critical shortage of productive capital for industry as a whole and for banks in particular.

"ENORMOUS PRICE"

"The equity market itself and the bond market as well has paid an enormous price for inflation. A substantial degree of adjustment has already been completed and it is difficult to see still further declines in equities.

"But until effective responses to inflation were developed the equity market could not fulfill its essential task of attracting risk capital. Instead of ready availability of risk capital for new assets there was speculation in property, antiques and objects d'art.

"For social and economic reasons it is important that new developments should take place and that new assets should be created. The taxation policy will determine whether this development will take place or whether the additional money will be absorbed by the purchase of existing properties and shares.

COMPANY TAX

"When company tax rises too high and depreciation allowances are not enough to counteract inflation, the risk of investing in new ventures becomes too great and the investor turns to investment opportunities which he regards as safe.

Dr Rupert, who was addressing the Graduate School of Business at UCT, said that several methods had been suggested as a solution and most pointed to state intervention such as attempted price control or a so-called incomes policy.

"Such control measures do not normally rectify matters — they merely postpone the day of reckoning."

CANADA

Commenting on Canada's experience with wage and price control Business Week said controls could not stop inflation while overstimulatory Government policies continued to feed it.

A survey of United States business economists had shown that 99 percent opposed the imposition of any type of wage-price controls with some 75 percent favouring tax changes to encourage investment in new plant and equipment.

"Price control creates a temporary illusion of stability but the unavoidable volume of money and credit created throughout the world by monetary authorities breaks through this temporary entrenchment, prices rise dramatically and currencies depreciate.

"The present inflation is a fundamental threat. To end it will require cooperation between all the leading countries of the free world who must observe great care in applying corrective measures. All the brakes must not be jammed down at once or we shall go crashing through the wilderness of depression."
Amending of Bantu Taxation Act

7. Mr. G. H. WADDELL asked the Minister of Bantu Administration and Development:

Whether consideration has been given to amending the Bantu Taxation Act in order to bring the bases of taxation into line with those applicable to other race groups; if so, with what result; if not, why not.

The DEPUTY MINISTER OF BANTU ADMINISTRATION AND EDUCATION:

A committee has been appointed to investigate the present Bantu tax structure in close collaboration with the homeland governments. The homeland governments have the sole legislative power to make laws in respect of direct Bantu taxation and any suggested change in the present Bantu tax structure as a result of the report and recommendations of the committee will have to be considered and if agreed to, adopted by the various homeland governments by means of legislation.
By BERNARD WESSELS
Political Correspondent
THE ASSEMBLY. — The Government appears to be laying the foundation for introduction of a capital gains tax in South Africa, probably this year in the March 51 budget.

This emerged yesterday from a closer study of the apparently innocuous Financial Relations Amendment Bill, published and read for a first time in the Assembly last week.

Clause 10 of the Bill prohibits provinces from levying a tax on "companies or on the income, profits or gains of companies in respect of the year of assessment ending on June 30, 1967, or any subsequent year of assessment."

The Progressive Reform Party's finance spokesman, Mr. Harry Schwarz, said the country was in a recession, and from the Government's point of view, this was the ideal time to set a base for the tax.

In terms of the Bill, provinces will also be prohibited from levying a tax on the profits and gains of persons other than companies. Both provisions are new.

Mr. Schwarz said that if the base year — it was 1963 in Britain — was also a boom period for the country, it would receive very little revenue from the tax if a recessionary period followed.

At present, South Africans are taxed on their income only and not on any gains they may make on their capital. This applies to both companies and individuals.

"The measure is likely to be highly controversial and Mr. Schwarz indicated that his party would oppose it."
For written reply:

22. Mr. L. F. WOOD asked the Minister of Finance:

(a) How many (i) Whites, (ii) Coloureds and (iii) Asians were eligible for income and/or provincial tax in each province and (b) what amount was collected from each group, during the latest year for which figures are available.

The MINISTER OF FINANCE:

The imposition of provincial tax on persons or the incomes of persons was discontinued with effect from the 1972 tax year.

The following figures relate to persons assessed for normal income tax in respect of the 1974 tax year. Not all assessments for that year have yet been issued.

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<td>Cape Province</td>
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<tr>
<td>(iii) Asiatic</td>
<td>11 576</td>
<td>3 628 272</td>
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Tax of Bantu

212. Mr. N. I. J. OLIVIER asked the Minister of Bantu Administration and Development:

What sums were collected from Bantu in the Republic, including the areas of the Homeland governments, in (a) tax based on income, (b) fixed tax and (c) hospital levies during the financial year 1974-75.

The MINISTER OF BANTU ADMINISTRATION AND DEVELOPMENT:

(a) R28 272 618-00.
(b) R7 651 929-00.
(c) R62 033-00.
African taxes probed

THE ASSEMBLY. — The Government has appointed a committee of inquiry to examine whether Africans should pay the same taxes as other race groups in South Africa.

But, the Minister of Bantu Administration and Development, Mr M. C. Botha, pointed out yesterday, homeland governments had responsibility for direct taxation of Africans and would have to approve any changes. He was replying to a question by Mr Gordon Weddel (PRP, Johannesburg North).
Tax/lease revenue from gold mines

363. Mr. H. MILLER asked the Minister of Finance:

(a) What is the estimated tax and lease revenue from the gold mines for the fiscal year 1975-76 and (b) what amount had been received by the Exchequer up to 31 December 1975.

The MINISTER OF FINANCE:

(a) Tax
   Lease revenue  R543,000,000
   216,000,000
   Total        R859,000,000

(b) Tax
   Lease revenue  R358,814,349
   154,984,888
   Total        R513,799,237
Stock Exchange plea for tax reduction

JOHANNESBURG — The president of the Johannesburg Stock Exchange, Mr Eric McKie, has made "an earnest appeal" to the Minister of Finance to make tax changes to stimulate turnover on the Johannesburg Stock Exchange.

Mr McKie, who was addressing a conference of the Investment Analysts Society, pointed out that in 1975 the value of shares purchased on the stock exchange was R778 million, compared with R1564 million in the previous year.

"Temporary declines in volume are a recurrent phenomenon in any share market," he said. "We must recognise, however, that a prolonged decline could eventually damage the strength and even the viability of our market."

"This, in turn, could have serious long-term implications for the ability of private and institutional investors to deal readily and at realistic prices in securities; ultimately, it would gravely impair South Africa's ability to mobilise capital."

Mr McKie said one of the influences that had "seriously impeded the functioning of our market" and had resulted in an increasing volume of business by-passing the stock exchange, was the Marketable Securities Tax.

This levied one per cent on both the buying and the selling leg of all transactions effected through the stock exchange. In contrast, transactions effected outside the stock exchange were subject only to a stamp duty of one per cent.

"Our Marketable Securities Tax is the highest in the world," and accentuated, the president of uncontrolled dealings done outside the market.

Accordingly, said Mr McKie, "I would like to make an earnest appeal to the Minister that:

1 — The Marketable Securities Tax on the selling leg of a transaction be abolished, or that the tax be restored to its former level of one half of one per cent on both the buying and selling leg.

2 — The stamp duty be raised from one per cent to 2½ per cent on the registration of shares in a listed company where the transaction has by-passed the stock exchange."

If this recommendation was accepted, he felt confident overseas and local investment through the stock exchange would be stimulated. — SAPA.
Mulder reveals plan for the public service

By NICHOLAS VAN OUDTSHOORN

THE GOVERNMENT has plans to drop pay discrimination against Blacks working in the public service.

The scheme will mean equal pay for equal work for all South Africa's 400 000 State employees.

In an interview this week the Minister of the Interior, Dr Connie Mulder said a top-level investigation had revealed that the immediate extra cost of the scheme would be about R23-million.

Dr Mulder said that if the Cabinet gave the go-ahead, public servants of all races would be paid according to specific notches laid down in one key salary scale.

The scale would start at the level of the lowest paid unskilled workers and rise to that of the highest paid officials, such as secretaries of Government departments.

There would be minimum and maximum salary levels for each grade. When the maximum was reached, the employee would move on to the next grade.

Annual increments in each grade would vary, and increase as the grades progressed.

Dr Mulder said: "Each employee will have to be placed into the grade for which he is qualified. There will be one salary scale for the whole public service. It will not be tightened in any way by"
Three price
and tax
shocks
on way

Mercury
Correspondent.

PRETORIA — South Africans can brace themselves for three successive shocks this month — higher rail tariffs, selective increases in post office charges and higher taxation.

The combined effect will be to inflate the country's double digit inflation rate and depress further the living standards of wage and salary earners.

The first shock will come from the Minister of Transport, Mr. S. L. Miller, when he introduces his Railway Budget in the Assembly on Wednesday.

Not only has he to compensate for a deficit for the current financial year, which may reach R50 million but, he is faced with serious staff unrest and work to rule threats if he fails to make provision for increased earnings for 114,000 White and 120,000 Black railway workers.

Then in two weeks time the second shock.

The Minister of Posts and Telegraphs, Senator van der Spuy, in his first Budget is also expected to announce increases in some Post Office charges.

The postal services were expected to run at a loss of R14 million for the 1976-77 financial year. Revenue from other P.O. services, however, may decrease this loss.

And on March 31, the Minister of Finance, Senator Owen Horwood tables his 1976-77 Budget in the Assembly.

Opposition financial spokesmen, including the Progress's Mr. Harry Schwartz and the U.D.'s Dr. Gideon Jacobs, have warned that increased direct and indirect taxation is virtually certain.

Defence spending is expected to escalate to somewhere near Rf1,400 million, and funds

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**Hansard 6 col 425 2/8/76**
Amount which accrued to Consolidated Revenue Fund

606. Mr. L. G. MURRAY asked the Minister of Finance:

What was the total amount which accrued to the Consolidated Revenue Fund in respect of (a) customs and (b) excise on (i) motor vehicles, (ii) motor spares and accessories, (iii) motor tyres and tubes and (iv) petrol and oil during the financial year 1974-75.

The MINISTER OF FINANCE:

(a) Customs’ Duty

(i) R15 425 742.
(ii) R22 496 733.
(iii) R1 355 569.
(iv) R3 689 165 (payments to the National Road Fund are not included).

(b) Excise Duty

(i) R32 970 341.
(ii) Nil (no excise duty payable).
(iii) Nil (no excise duty payable).
(iv) R78 003 996 (payments to the National Road Fund are not included).

Notes:

(1) As far as the answer to paragraphs (a)(i) and (ii) is concerned, it should be noted that on 1 January 1975 the tariff headings in respect of motor vehicles, motor spares and accessories were drastically changed with the effect that figures for 1975 cannot be reconciled with those for 1974. Figures for the calendar year 1974 are consequently furnished.

(2) The customs duties against (a)(iii) represent totals for all tyres and tubes imported—separate figures in respect of motor tyres and tubes are not available.
Tax inquiry
negative

HELEN SUZMAN MP comments on the inquiry into the taxation of married women.

COMMENTING on the report on the inquiry into the taxation of the income of married women, tabled by Senator Horwood on Wednesday afternoon, Mrs Helen Suzman, MP, said:

"Thousands of married women who are earning incomes and thousands who aspire to earn will be disappointed by this report because of its negative attitude.

"While it is entirely correct to say that a general revision of the tax rate and especially of the high marginal rate of tax would probably result in a fairer system of taxation rather than taxing working wives separately, such a conclusion is of no help whatever since the Budget proposals do not contain any such favourable revision — quite the contrary. The burden is increased.

"Some of the conclusions reached by the Standing Commission on Taxation are surprising to say the least — e.g. the Commission regards it as significant that even in the R5 000 to R20 000 income category, where the need to work is manifestly less pressing, no less than 14.7 percent of married women are economically active. This is putting the art before the horse (or mare) in no uncertain terms — surely the income has reached the high level just because the horses are working.

"The Commission considers it inequitable that separate taxation of spouses could result in single breadwinner families paying comparatively higher taxes. Surely the fact that both spouses are contributing to the GNP should entitle the two-breadwinner family to some additional reward? Moreover the same argument could be but is not, applied to families with working sons or daughters.

"The Commission appears to doubt that the present system of taxation inhibits married women from entering the labour market. It admits how Mrs Helen Suzman MP ever, that this point is debatable since no specific study has been undertaken in South Africa to determine the effect of taxation in this regard.

"It also doubts whether any additional income and therefore tax which would result from additional married women entering the labour market would offset any lost tax from the abatement of the existing joint taxation system because it says a relatively high proportion of married women is already economically active.

"In support of this assertion it states that according to the 1974 income tax returns, both spouses were economically active in 34.4 percent of married households. In fact this is a low percentage in comparison with other countries, and it is especially low when one considers the favourable position of South Africa regarding available domestic help.

"There is a ray of hope in all this: The Minister said in his budget speech that he is still considering the Commission's report. It is to be hoped that some relief will yet be forthcoming to working wives from his reflections on this thorny subject — the present allowable deduction of R750 plus from the wife's earned income is hopelessly unrealistic.
Operating companies, through the effective increase in the company rate to 49%, have been taxed out of the UPT arena. Financial companies only remain in it. As John Morris, UCT Professor of Tax, contends (FM April 2), it is disappointing that no concessions have been made to the public company. This call is echoed by the Chamber of Mines' legal adviser, Peter Bosman: "The industry is organised so that a substantial portion of exploration costs is financed from retained dividends, and we have always maintained that this should be permitted without fiscal penalty".

Horwood has done exactly what the mining houses, for one, have lobbied strongly against. It is patently intolerable for a public company to incur UPT, so forcing distribution to shareholders of

UNDISTRIBUTED PROFITS
A blunder

The unfortunate aspect of Senator Horwood's increase in the rate of undistributed profits tax (UPT) from 25% to 33.3% is that it tars private and public financial companies with the same brush. The need is, with higher individual tax rates, to maintain UPT as a deterrent against individuals using financial companies (deriving their income from dividends) for tax avoidance.

But there is a world of difference between the private and public company. The former can be an "easy vehicle" for tax avoidance, as Horwood expressed it, and was his particular concern; the latter should be allowed themselves freely to decide on prudent levels of income retention against broad shareholder demands for payouts, remembering that their investment rating will suffer if dividends are unreasonably withheld. The general application of UPT to both creates complications, particularly for the mining houses.

Upping UPT won't help to sink shafts

income which might be required for further genuine corporate development. UPT is an arbitrary level at which the State, not management, considers profit retention to be excessive.

The mines are a special case. Because their lives are limited, dividends received from them must to some extent be regarded as capital repayment — to be reinvested so that the capital remains intact.

Mining financial companies perpetuate themselves in this way. They retain dividends received from established mines to search for and finance new ones. This is essential to mining investment. If dividend distribution is imprudent or income is taxed away, from where will come enough finance for fresh exploration?

The purpose in continuing to link private and public companies for UPT purposes just doesn't add up. Hopefully Horwood will accept the need for a suitable amendment in the Finance Bill.
Differential rates 'spread the burden'

A SYSTEM of differential rates could save the man in the street from being taxed out of existence, the Leader of the Opposition in the Provincial Council and a Cape Town city councillor, Mr Cyril Brett, said yesterday.

He was commenting on the broad hint by Mr Harry Gle, Provincial Secretary, that legislation on differential rates might be introduced in the Provincial Council next month.

The new system, he approved, is likely to mean that commercial properties will be taxed at a higher rate than private residential property.

'This is something we've been asking for for years,' Mr Brett said yesterday. 'The present system in which properties in Adderley Street and Muizenberg are taxed at the same rate is ridiculous.'

The main advantage of a differential rating system was that it spread the burden of municipal taxes more evenly.

AMENITIES

He said that many people who lived in the surrounding towns and the Divisional Council areas contributed nothing to Cape Town although they worked in the city and used the amenities.

A higher rate on commercial properties would be passed on to customers, but this indirect contribution would be spread evenly and in this way people from places like Parow, Fish Hoek and wealthy areas like Constantia would contribute a fairer share.

People who rented flats might find their rents rising slightly and in this way they would also contribute more in indirect payments to the council.

Other suggestions by Mr Gle to increase the income of local authorities were also welcomed.

A City Treasury official said that if full rates were paid on all State and Provincial property, the annual payment to the city would be about R6m a year.
Indefensible apartheid in tax

THE AUSTERITY imposed by the Budget has drawn so much attention that an important act of omission by Finance Minister Owen Horwood has not gained the public interest it deserves. And that is the Government's failure, once again, to eliminate the discrimination in taxation to which Africans are subjected.

Of course the entire system of the taxing of Africans—and Coloureds and Indians also, for that matter—is inherently defective. It flies in the face of the political principle of "no taxation without representation". A timely reminder of the force of this is offered just at the moment with the United States celebrating its Bicentennial: it was Britain's non-adherence to the tenet which 200 years ago pushed the colonists into revolution.

In South Africa, not only is there taxation without representation, but there is in addition a positive singling out of Africans for heavier taxation than other racial groups. Even more incredibly, this discrimination bears down hardest on the lower-paid: as African incomes rise, the burden lessens and the better-off are more lightly treated than comparable Whites, Coloureds and Indians.

The details

The details of the discrimination should be noted:

- Africans start to pay income tax when their earnings rise above R360 a year. This applies whatever their age or the size of their family. On the other hand, White, Coloured and Indian unmarried people only start to pay tax when their income reaches R700 a year (and R1 100 a year for those aged over 60); for a married man with three children, taxation starts at an income level of R2 800 a year (R3 200 for those over 60).
- All African men pay a "head" tax of R2,50 a year. Failure to pay can, and does, lead to summary arrest and prosecution.
- Africans are denied the deductions allowed to other groups as a matter of course: abatements for children and dependants, medical and dental expenses and life insurance premiums.
- African widows are treated as single people without regard to whether they might have children to support. Widows of other groups are granted married status and thus pay less tax.
- African households in urban areas pay a compulsory monthly levy towards the cost of building schools for their children.

Objectionable

It is all thoroughly objectionable and totally indefensible. There cannot be the slightest justification for this apartheid in taxation. Yet the Government has not moved to scrap it.

The Parliamentary Opposition had the opportunity during the Budget debate of raising the issue but failed to do so. This week will perhaps again be an opportune time because the Prime Minister's Vote is to come before the Assembly and the indications are that racial discrimination will feature in it.

In this context it is worth recalling the exact words used by Ambassador Pik Botha in his celebrated United Nations speech 18 months ago:

"My Government does not condone discrimination purely on the grounds of race or colour. Discrimination based solely on the colour of a man's skin cannot be defended. And we shall do everything, in our power to move away from discrimination based on race or colour."

Quite apart from other aspects of South African existence, these words make tax apartheid inconceivable. Yet it is with us.
Fines for not taxing servants

Pretoria Bureau

Many housewives are unwittingly contravening the Bantu Taxation Act and are liable to heavy fines.

Pretoria householders and firms this week received reminders about taxation together with their water and light accounts.

"A Department of Bantu Administration spokesman said today that the reminders were sent out to determine how many people were contravening the law.

"Anyone who employs a Black man or woman and who pays them more than R2.50 a week or R30 a month must register themselves as an employer," the spokesman added.

DEDUCT

"People who employ Blacks and pay them more than the prescribed wages must deduct tax monthly. Failing to do this makes an employer liable to a fine of R600 or to imprisonment for a period of six months, or to both."

The spokesman said the tax rate of a monthly wage of between R50 to R46, for example, was 10 c. Tax rates on higher wages increased on a sliding scale.

Deduction tables, a full set of particulars, are contained in a brochure, which are given to employers on registration.
Income tax of individuals/mining companies

231. Mr. D. D. BAXTER asked the Minister of Finance:

1. What amounts of income tax have been collected from (a) individuals, (b) gold mining companies operating (i) mines other than post-1966 gold mines and (ii) post-1966 gold mines, (c) diamond mining companies, (d) mining companies other than gold, diamond or natural oil mining companies and (f) other companies, in the financial year 1975-76;

2. What were the comparable figures for the financial year 1974-75.

The MINISTER OF FINANCE:

The following particulars which have been compiled as at 30 November 1973 for the first eight months of the financial year 1975-76 are based upon the best available information. The comparable figures for the year 1974-75 reflect the position as at 30 November 1974.

<table>
<thead>
<tr>
<th></th>
<th>First eight months of financial year 1975-76</th>
<th>First eight month of financial year 1974-75</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Individuals</td>
<td>775'850'000</td>
<td>639'490'000</td>
</tr>
<tr>
<td>(b) Gold mining companies operating—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Mines other than post-1966 gold mines</td>
<td>340'065'000</td>
<td>403'701'000</td>
</tr>
<tr>
<td>(ii) Post-1966 gold mines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Diamond mining companies</td>
<td>462'000</td>
<td>20'783'000</td>
</tr>
<tr>
<td>(d) Mining companies other than gold, diamond or natural oil mining companies</td>
<td>24'885'000</td>
<td>29'940'000</td>
</tr>
<tr>
<td>(f) Other companies</td>
<td>868'595'000</td>
<td>682'566'000</td>
</tr>
<tr>
<td>Interest</td>
<td>2'064'000</td>
<td>1'859'000</td>
</tr>
<tr>
<td>Total</td>
<td>2'011'921'000</td>
<td>1'777'133'000</td>
</tr>
</tbody>
</table>
Limit to what
tax can do to
prop economy

CAPE TOWN — There is a limit to how far the tax system can be used to promote social and economic objectives, says the Secretary for Inland Revenue, Mr W van der Walt.

He was speaking during the executive council meeting of the Federated Chamber of Industries here yesterday.

Replying to suggestions from industrialists that tax rebates and allowances should be used to promote industrial investment, exports and improve the cash flow position of manufacturing companies, Mr van der Walt said the ideal was to work back towards lower basic tax scales.

The erosion of the revenue base was a danger which had to be countered since the primary objective of the tax system was to secure funds for the running of the State.

Quoting one of his predecessors, the Secretary for Inland Revenue quipped: “Once economists get a toe-hold in the Income Tax Act, it grows like Topsy.”

Mr Stanley Shlaga, executive director of the Textile Federation, called for a differential investment incentive allowance to promote the use of locally produced capital equipment for industry. He also suggested a set-off of capital expenditure against the loan levies payable by industry to help industry to finance its investment. The effect of this would be recouped by increased taxed profits, he said.

A promise that the Government will look into the rail rates situation was made by the Secretary for Industries, Mr P H Theron.

He was replying to a request for the establishment of a board to review railway rates. It was argued that continual increases in railway rates was cramping industrial development in the Western Cape.

Mr Theron said a case could be made for studying the rail rates situation. “We will have to find a solution if tariff becomes impossible.”

Industry is to establish a working committee to investigate opportunities for further import replacement in South Africa with the objective of reducing reliance on foreign sources of supply.

Mr Ronald Freakes, director of the Natal Chamber of Industries, drew attention to rising unemployment levels and a “snoozing external situation,” and recommended that the maintenance of economic activity must now be elevated on the list of priorities.

The objective must be growth without inflation, said Dr S J P Smit, chairman of the Central Economic Affairs Committee. Industry must give more attention to internal sources of expansion, including growth in the local market, innovation, capital formation and more efficient resource use.

A third phase of the export promotion programme is now urgently required, FCI export trade committee chairman Mr H Shield said.

Boosting exports is as great a problem as holding back inflation. An imaginative programme to exploit export opportunities is needed—Sapa, Reuter, Own Correspondent.
22pc shock tax rise on the way

Harold Fridjhon

Taxes will rise, in many cases by more than 22 percent, after July 1 when the PAYE deductions reflecting the tax changes of the last Budget come into effect.

What you will pay

This table shows in bold type the monthly PAYE deductions which will come into effect on July 1 compared with the present scale in parentheses. The symbols are: M = married, M1 = married with one child, M2 = married with two children, and M3 = married with three children. S = single without dependants. To estimate weekly deductions, divide the monthly tax rate by 4.9.

<table>
<thead>
<tr>
<th>Month pay</th>
<th>M</th>
<th>M1</th>
<th>M2</th>
<th>M3</th>
<th>S</th>
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<tbody>
<tr>
<td>2200</td>
<td>45</td>
<td>50</td>
<td>56</td>
<td>60</td>
<td>70</td>
</tr>
<tr>
<td>2400</td>
<td>241</td>
<td>243</td>
<td>245</td>
<td>247</td>
<td>249</td>
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<tr>
<td>2600</td>
<td>372</td>
<td>374</td>
<td>376</td>
<td>378</td>
<td>380</td>
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<tr>
<td>2800</td>
<td>542</td>
<td>544</td>
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<td>548</td>
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<tr>
<td>3000</td>
<td>760</td>
<td>762</td>
<td>764</td>
<td>766</td>
<td>768</td>
</tr>
<tr>
<td>3200</td>
<td>980</td>
<td>982</td>
<td>984</td>
<td>986</td>
<td>988</td>
</tr>
</tbody>
</table>

In addition to the 10 percent surcharge and the 10 percent savings levy, the additional payments which should have been made in March, April, May and June have been added to the monthly deductions for the remaining months of the tax year.

Taxpayers will, in effect, be paying more than they should so that their tax bills will be square by the end of the fiscal year.


The new tax will mean that a married man without children earning R500 a month whose previous tax was R451 will now pay R547.72 a month.

Earning R600 (with two children) his tax will go up by R1 to R102.72 a month.

HARDEST HIT

The man in the R1 000 a month bracket with two children faces an increase of R33 a month to R133.

The higher taxes will come as a shock to most people who have only recently been made aware of the Budget implications during the past two and a half months.

In many cases their effective incomes had been shrinked by about 4 percent from March 1 of this year — quite apart from the shrinkage brought about by inflation.

SAVINGS

Many people have been trying to balance their budgets by drawing on savings. Now, with reduced take-home pay, thousands are going to get deeper into debt.

The reduction in personal income will hit all sectors of business very hard and it is feared that the insolvency rate could move upwards.

And there is a further threat of another savings levy later this year.

The Minister of Finance has the power to impose another levy without prior parliamentary authority.

And the man in the street will have to pay.

● Real income: Whites lose. Blacks gain — Page 5; and "All signs point to a grim year." — Page 22.
The Argus Correspondent

JOHANNESBURG. — Taxes will rise, in many cases by more than 22 percent, after July 1 when the PAYE deductions reflecting the tax changes of the last Budget come into effect.

In addition to the 10 percent surcharge and the 10 percent savings levy the additional payments which should have been made in March, April, May and June have been added to the monthly deductions for the remaining months of the tax year.

What you’ll pay

The following table shows the new monthly tax deductions with previous deductions below in brackets for the following categories: married, married one child, married two children, married three children, single persons no dependants.

<table>
<thead>
<tr>
<th>Monthly pay</th>
<th>M</th>
<th>M1</th>
<th>M2</th>
<th>M3</th>
<th>S</th>
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<tr>
<td>R000</td>
<td>(8.86)</td>
<td>(8.56)</td>
<td>(8.19)</td>
<td>(7.51)</td>
<td>21.33</td>
</tr>
<tr>
<td>R1000</td>
<td>(8.63)</td>
<td>(8.33)</td>
<td>(7.86)</td>
<td>(7.18)</td>
<td>20.79</td>
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<tr>
<td>R3000</td>
<td>(18.85)</td>
<td>(16.40)</td>
<td>(15.03)</td>
<td>(13.36)</td>
<td>35.96</td>
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<tr>
<td>R4000</td>
<td>37.52</td>
<td>31.80</td>
<td>26.21</td>
<td>19.08</td>
<td>55.48</td>
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<tr>
<td>R5000</td>
<td>(30.85)</td>
<td>(25.62)</td>
<td>(21.63)</td>
<td>(16.35)</td>
<td>36.35</td>
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<td>R6000</td>
<td>38.77</td>
<td>25.64</td>
<td>22.05</td>
<td>15.03</td>
<td>22.12</td>
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<tr>
<td>R7000</td>
<td>(45.11)</td>
<td>(39.86)</td>
<td>(34.63)</td>
<td>(28.88)</td>
<td>57.46</td>
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<tr>
<td>R8000</td>
<td>77.04</td>
<td>68.69</td>
<td>61.27</td>
<td>52.06</td>
<td>116.67</td>
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<td>R9000</td>
<td>63.43</td>
<td>(56.61)</td>
<td>(50.44)</td>
<td>(43.42)</td>
<td>85.17</td>
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<tr>
<td>R1000</td>
<td>103.32</td>
<td>90.74</td>
<td>84.49</td>
<td>74.23</td>
<td>155.99</td>
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<td>R1100</td>
<td>(92.45)</td>
<td>(81.26)</td>
<td>(73.09)</td>
<td>(65.88)</td>
<td>114.19</td>
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<td>R1200</td>
<td>154.32</td>
<td>132.98</td>
<td>115.93</td>
<td>100.25</td>
<td>193.63</td>
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<tr>
<td>R1300</td>
<td>(110.55)</td>
<td>(101.23)</td>
<td>(92.48)</td>
<td>(82.69)</td>
<td>149.31</td>
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<td>R1400</td>
<td>169.41</td>
<td>150.65</td>
<td>144.53</td>
<td>130.45</td>
<td>233.50</td>
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<td>R1500</td>
<td>(153.50)</td>
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<td>(119.03)</td>
<td>(107.45)</td>
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<td>R1700</td>
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<td>227.63</td>
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<td>237.14</td>
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<td>(159.03)</td>
<td>(138.21)</td>
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<td>272.27</td>
<td>247.28</td>
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<td>(229.25)</td>
<td>(223.25)</td>
<td>(216.05)</td>
<td>(194.23)</td>
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</tr>
<tr>
<td>R4000</td>
<td>320.18</td>
<td>321.28</td>
<td>317.27</td>
<td>285.29</td>
<td>454.04</td>
</tr>
<tr>
<td>R5000</td>
<td>(283.79)</td>
<td>(285.79)</td>
<td>(281.27)</td>
<td>(243.62)</td>
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<td>363.53</td>
<td>365.35</td>
<td>363.35</td>
<td>329.29</td>
<td>579.25</td>
</tr>
<tr>
<td>R7000</td>
<td>(330.83)</td>
<td>(330.83)</td>
<td>(330.03)</td>
<td>(296.09)</td>
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<td>(390.35)</td>
<td>(390.35)</td>
<td>(333.33)</td>
<td>442.54</td>
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<td>514.83</td>
<td>514.83</td>
<td>514.00</td>
<td>636.57</td>
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<td>(450.50)</td>
<td>(450.50)</td>
<td>(430.50)</td>
<td>573.50</td>
</tr>
<tr>
<td>R20000</td>
<td>608.67</td>
<td>608.67</td>
<td>608.67</td>
<td>538.67</td>
<td>823.50</td>
</tr>
</tbody>
</table>

Increase

In the higher income groups the man in the R1 000 - a month bracket with two children faces an increase of R32 to a month or R38 a month.

A typist earning R500 a month who previously paid R22.85 tax a month will now face deductions more than 50 percent higher at R35.85.

And these single people without dependants earning R400 a month will pay R29 a month more at R55.45.

The higher taxes will come as a shock to most people who have bitterly ignored the Budget’s increased taxation during the past 21 months.

Limits

They have been spending up to the limits of their income, buying television sets, taking on new hire, purchase and other commitments without realising that in many cases their effective incomes had been shrunk by about 4 percent from March 1 of this year — quite apart from the shrinkage brought about by inflation. Without these higher tax deductions many people have been trying to balance budgets by drawing on savings.

Now, with reduced take-home pay, thousands are going to get deeper into debt. Or they will have to reduce their standards of living, cutting back on motorcars and other luxuries which have come to be regarded as necessities.
Workers warned on new tax rate

IT IS possible that the public is not yet fully aware of the severe impact the new PAYE tables will have on their take-home pay when they are implemented from July 1.

Aggravating the effects of higher income tax is that the taxes will be recovered over eight months instead of the normal 12 months of the financial year starting on March 1 last.

Because of this probable lack of awareness, the Association of Chambers of Commerce (Assocom) has advised businessmen to give their staff adequate warning that the new tax tables will be implemented next month.

Assocom's executive director, Mr Raymond Parsons, says that by alerting staff that their tax deductions will, in some cases, be considerably higher than may be generally realised employees will be able to make the necessary adjustments to their household budgets in advance.

These comparisons should give some idea of the effects of the new PAYE deductions. Figures in brackets reflect the previous year's deductions.

Single person earning R300 a month, the deduction is R57.56 (R30,90). Salary of R600, deduction R115.67 (R66.26). R600, deduction R183.63 (R159.49). R1,000, deduction R276.38 (R227.69).

Married: (two children):
R400 a month; deduction: R6.21 (R2.51). R400, deduction R101.27 (R92.44). R800, deduction R112.32 (R92.48). R1,000, deduction R184 (R149.00).
John Patten,
Political Correspondent

Civil servants face one shock, and private sector workers a bigger one, from tomorrow when pay-as-you-earn tax increases take effect for the present financial year.

There were predictions today from the Opposition side that the new PAYE deduction rates would place consumer spending further in the doldrums, making prospects for the country's economic activity in the immediate future still more grim.

For civil servants, who have waited two years for a pay increase, the shock is that the State will pay them 10 percent more from July 1st. On the other hand, and then take most of it away with the higher PAYE deductions.

But civil servant's pay hikes will at least act as a buffer to the impact of PAYE deductions. Private sector income earners face a tougher economic future without any such economic shield.

The United Party's chief spokesman on finance, Mr. David Baxter said today: "I think wage earners are going to have a horrible shock when they get their pay packets in July."

Probably a greater effect would be the psychological effect on wage earners of the additional deductions when they saw what the increased taxation was doing to their earnings. Mr. Baxter added.

Previously published figures show taxes will rise in many cases by more than 22 percent from tomorrow as a result of the adjusted PAYE scales.

Examples given show a married man without children earning R300 a month will pay R64.77 from July — an increase of R11.66.

A man with a wife and two children, earlier R600 two children, earning R600 a month, will pay R1,27 — also a rise of about R11. Single people will be hardest hit. A single wage-earner without dependents earning R400 a month will now pay R35.49 — a rise of R29 on what he has been paying.
Revise Land Act plea

BLOEMFONTEIN - The Chief Minister of QwaQwa, Chief T. K. Mopeli, yesterday asked the Free State National Party congress to consider revising the homeland policy and the 1936 Land Act to ensure a viable homeland for the South Sotho.

In the first telegram of goodwill to a National Party congress from a homeland leader, Chief Mopeli also said meaningful concessions to urban blacks would enable them to associate themselves with South Africa's defence effort.

The telegram sent in Afrikaans, read: "Good wishes from the QwaQwa Government.

"The difficult times in which we live demand vision and courageous action by your Government to see in time and to eliminate points of friction in our multinational community.

"It is our conviction that racial peace and harmony cannot only be achieved if the homeland policy and the 1936 Act are thoroughly revised and adapted so that the South Sotho can have a viable homeland.

"Meaningful concessions to make more pleasant the life of the urban Bantu will enable him to associate himself fully with the defence section of the country."

Addressing the congress yesterday, the Minister of Bantu Administration and Development, Mr M. C. Botha, appealed to employers to deduct income tax from their black employees' wages, as millions of rand went unpaid every year.

Mr Botha said that, apart from the R2.50 poll tax each black male had to pay, all blacks earning over R40 a year were liable for income tax. The law enabled employers to deduct income tax payments from wages.

"I appeal to all farmers to every housewife, to make use of this method of tax payment deduction," he said.

Tax paid by blacks in the 1970-71 financial year had totalled R14.5 million. By the 1971-72 year this had increased to about R19 million.

Mr Botha also said workers from independent former homelands would be given priority in South Africa above migrant labourers from other independent black states.

The position with workers from present homelands after independence would remain basically the same, except that travel and identity documents would be provided by the new government.

Other items raised were:

The Government would continue to prevent large-scale and commercialised Sunday sport which hindered the work of the churches, the Minister of Justice, Mr Kruger, said.

Replying to a resolution that all organised sport be prohibited on Sundays, Mr Kruger said some things would be allowed and others not.

An urgent revision of teachers' salary structures was being undertaken, the Minister of National Education, Dr Koornhof, said.

The report would soon be available to him and to Dr Mulder, head of the Civil Service Commission, and after a decision by the cabinet an announcement would be made as soon as possible.

The Minister of Coloured Relations, Mr R. Smit, called on private organisations, petrol companies and hotels to establish more travel and overnight facilities for Coloureds.
Working wives want out as taxman takes his toll

AFTER 27 years of marriage Helena and Martin Weilbach of Vanderbijlpark, are still deeply in love. But now these very religious grandparents have decided to get divorced.

And the co-respondent in their divorce action will be South Africa's taxman.

Martin, 52, a moulder, and Helena, 48, a private secretary, say they can no longer afford to be taxed on their joint income. They have decided to split up because of the friction between them at the end of each financial year.

"Martin is the sweetest thing on earth," says Helena. Her husband, a former member of the Nederduitse Gereformeerde Kerk Raad in Vanderbijlpark, says: "I'm still as happy as a newly-wed.

"But I can't take these 'love letters' from the Receiver any longer. We have started having arguments about the extra tax we have to pay because Helena works. The only route we can take to separate taxation is through the divorce courts."

They have already told their solicitor to start divorce proceedings.

The Weilbachs are not alone in contemplating this drastic step.

Hundreds of couples in South Africa have discussed divorce as a means of cutting their tax bills, according to their comments on a petition circulated in Johannesburg last week by the tax reform group Action 78.

Mrs Sylvia Gou, assistant to the secretary general of the UAE, signed the petition. "My husband and I have talked about divorce. "We both resent and object to the fact that I bring home only 25% of every R1 I earn.

"I love my work, but it's ridiculous."

The tax system is not only encouraging divorce, it's discouraging marriage.

Another signatory to the petition, Miss P. W. C. Craighall Park, wrote: "If I married my boyfriend now we would pay R1 000 for the privilege.

Mrs Weilbach says she cannot give up work and stay at home. She has had cataract operation and an operation on her leg. She has been told she will have to go to a nursing home.

"The idea of divorce goes completely against my religion, but I have prayed to God about it and my conscience is at peace. The man in the street may throw stones at us, but I know He will not. Martin and I have a fantastic marriage and we came to this decision together."

Mrs Weilbach said they could exist on her husband's wages alone. "But we couldn't really live - and why should we drop our standard of living? Martin already does more overtime work than is good for a man his age."

Last week she received a letter from the Minister of Finance, Senator Owen Horwood - in answer to letters she wrote to him and the Prime Minister two months ago.

"It made my blood boil. He treated me like a juvenile." Senator Horwood spent most of the letter explaining the PAYE system. He concluded that, had the Weilbachs been taxed separately, they would have saved only 1.2% of their income. "He didn't mention we would have saved more than 40% of our tax bill," Mrs Weilbach said.

She was also incensed at being referred to as a second source of income by the Minister. "My husband and I are both individuals with our own incomes," she said.

For years a staunch Nationalist - "my brother was in Koffiefontein with Mr Verster" - Mrs Weilbach says Senator Horwood's letter has undermined her confidence in the Government.

Her husband says they are determined to shake the Government up. We hope the step we are taking will snowball so the Government will have to change the tax system.

They are both in full agreement with the tax petition circulated by Action 78.

It appeals for all South African income earners, irrespective of marital status or sex, to be taxed separately on their earnings. It also asks for new deductions for dependants, who can be wives and husbands, on a new scale applicable to all income earners.
ROCK CONCERT

Rabbitt: They rule, okay!

RABBITT, one of the most exciting young rock bands in the world, took the stage at the Colosseum in Johannesburg this week for their first major concert in their own country. Professionalism was the key, beyond the sensational style and glamour. From the dramatic impact of their opening, they rocketed into Duncan Faure's "Hard Ride". The barrage of screams which was to carry through to the final curtain ricocheted from the circle to the dolly-army who flocked to the front of the stage.

The best of their album material, filled out with an acknowledgement to Led Zeppelin, switched from rock to ballad without countdowns, hesitation or commentary.

Superb

The stage management, lighting and sound was superb — plotted precisely to complement the band and the strings each construction of Neil Cloud's drum solo — visually sensational with the flashing bulbs built into his kit — launched from a pulsating bass platform into a study of pace and timing with both hands.

Rabin's solo was a tribute to his guitar-guru, John McLaughlin — a stunning example of power and structural interpretation beyond the reach of all but the cream of the world's pure-rock guitarists. Using complex time changes and the full range of electronic effects from his guitar, this solo was massive arrogance until he was joined by Neil, when the two swapped phrases of glittering intricacy and understand-

centre-stage command. He is the visual force who feeds against Rabin's rock and Faure's boppin' stop, the quietly-intelligent muscle weaving beside Cloud's drum's patterns. The band was nervous on the opening, it showed in the harmonies and their playing — fingers were stiff, muscles contracted. The music was tight, but the confidence of "letting it all out" was shaky.

Triumph

When Trevor changed his chords on "Something's Going Wrong With My Baby" — cutting the curlicues down to hard, driving rock — it was the moment of birth for a live performance.

The Rabbitt present the...
LIST OF PARTICIPANTS ADDRESSES

Africa Mr. R. c/o SALDRU School of Economics U.C.T. RONDEBOSCH 7700
Ahles Mr. A. Dunbrody Estates P.O. Box 61 SUNLAND 6115
Antrobus Mr. G. Economics Dept. Rhodes University GRAHAMSTOWN 6140

High taxes stop women working

Labour Reporter

An enormous and essential source of labour was lost to the country because the tax system made it unprofitable for certain categories of married women to work, the Postal and Telegraph Association says in its official journal.

Everyone realised that money was needed to fill the Treasury's coffers, said the editorial.

"But why should good manpower be forfeited when other ways and means can be found to replace the loss."

A review of the income tax system had become essential. The Association had pleaded for this for nearly a decade, but had encountered a blank wall so far.

Promises were made to be kept. The Minister of Finance had promised to investigate this matter, the editorial said.

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Budlender Ms. D. c/o Economics Dept. U.C.T. RONDEBOSCH 7700
Christie Mr. R. 20 Cook Street, OBSERVATORY 7925
Clarke Mr. D. c/o Dept. of Economics U.C.T. RONDEBOSCH 7700
Cummings Ms. P. 37 Carditt Road, University of Natal, PIETERMARITZBURG 3205
Dinnell Mr. M. c/o Dept. of Economics U.C.T. RONDEBOSCH 7700
Dorrington Dr. J. P.O. Box 47 PORTVILLE 6810
Dorrington Mrs. P.O. Box 47 PORTVILLE 6810
Evans Mr. A. P.O. Box 41, Vlijoenskroon, O.F.S. 9520
Finlay Mr. W. Tue Moss, Klein Constantia Road CONSTANTIA 7800
Ford Mr. Cape Midlands Bantu Affairs, Admin. Board, P.O. Box 14024 PORT ELIZABETH
Fiske Mr. S. 6 Pat Newson Road, PIETERMARITZBURG 3205
Frean Mr. N. c/o S.A. Canef Growers Association, P.O. Box 1278 DURBAN 4000
Gethardt Ms. B. P.O. Box 469, WINDHOEK S.W.A.
TAX PAYMENTS

Manna from heaven?

Abra-cadabra . . . taxes are down. Sadly though, it is only sleight of hand. From March, most monthly PAYE tax payments will be a few rand lower.

Last year Finance Minister Owen Horwood increased taxes as of March 1. However, revised PAYE tax deduction tables only became operative from July 1. The entire additional tax burden thus had to be paid over eight months. Now (unless the coming Budget increases taxes), it can be spread over the whole year, with lower monthly payments. Some examples reveal the conjuring trick.

As of March 1 1976, a married man with two children, earning an annual taxable income of R9 600, paid a yearly tax of R1 269. PAYE deductions, calculated on a monthly basis, should equal R105,73. This is what he will pay from March 1 1977. However, since tax deductions were upped in July, he has been paying R112,32 monthly. So, from March, the Receiver of Revenue will take R6,59 less from his monthly cheque.

Similarly, the single employee with a taxable income of R350 monthly will pay R43,63; R2,66 lower than at present. And the married executive (with no children) earning R1 500 monthly, will “save” R24,25 per month.

But total tax payments for the year beginning March 1 1977 will tot up to exactly the same as last year — unless Horwood surprises everyone and offers real tax relief in his Budget.
Loan Levies Account

*19. Mr. S. A. VAN DEN HEEVER asked the Minister of Finance:

What is the amount which is held in the Loan Levies Account at present and which is not due to be repaid during 1977.

The MINISTER OF FINANCE:

R499 323 644.
Those Bigots Drive Taxpayers Mad

"People, me PEOPLE..."

MISS PRACOCK

Mr. Staggers

Josef Mengele

Annie Standish

By Sheila Wing
Another "no" from the Ministry of Economic Affairs...

As you may know, the Ministry of Economic Affairs is not习惯于批准任何新的申请。In our experience, the Ministry of Economic Affairs has been very strict in granting approval for new applications. We believe that they have a policy of not approving any new proposals.

They have told us that they will not approve any new proposals unless there is a clear and compelling economic need for them. We understand that they are concerned about the impact of new projects on the economy and want to ensure that any new proposals are in line with the overall economic strategy of the country.

We have met with representatives from the Ministry of Economic Affairs to discuss our proposal. They have been very receptive to our ideas and have suggested that we look for alternative funding sources. They have also advised us to prepare a detailed business plan that outlines the expected benefits and costs of the project.

We appreciate the Ministry's concern for the economy and are confident that our proposal meets the necessary criteria. We will continue to work on our proposal and hope to secure the necessary funding soon.

Thank you for your time and consideration.

Sincerely,

[Your Name]
Income/provincial tax

19. Mr. L. F. WOOD asked the Minister of Finance:

(b) How many (i) Whites, (ii) Coloureds and (iii) Asians were eligible for income and/or provincial tax in each province and (b) what amount was collected from each group, during the latest year for which figures are available.

The MINISTER OF FINANCE:

The imposition of a provincial tax on persons of the incomes of persons was discontinued with effect from the 1973 tax year.

The following figures relate to persons assessed for normal income tax in respect of the 1975 tax year. Not all assessments for that year have yet been issued.

<table>
<thead>
<tr>
<th></th>
<th>(a) Number of Taxpayers</th>
<th>(b) Liable for Normal Income Tax</th>
<th>Assessed R</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPE PROVINCE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) White</td>
<td>322,348</td>
<td>224,032,117</td>
<td></td>
</tr>
<tr>
<td>(ii) Coloured</td>
<td>91,718</td>
<td>11,251,332</td>
<td></td>
</tr>
<tr>
<td>(iii) Asian</td>
<td>3,699</td>
<td>1,346,765</td>
<td></td>
</tr>
<tr>
<td>NATAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) White</td>
<td>153,185</td>
<td>117,767,686</td>
<td></td>
</tr>
<tr>
<td>(ii) Coloured</td>
<td>6,789</td>
<td>1,181,817</td>
<td></td>
</tr>
<tr>
<td>(iii) Asian</td>
<td>47,747</td>
<td>10,156,487</td>
<td></td>
</tr>
<tr>
<td>O.F.S.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) White</td>
<td>73,350</td>
<td>58,176,777</td>
<td></td>
</tr>
<tr>
<td>(ii) Coloured</td>
<td>648</td>
<td>62,505</td>
<td></td>
</tr>
<tr>
<td>(iii) Asian</td>
<td>1</td>
<td>236</td>
<td></td>
</tr>
<tr>
<td>TRANSVAAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) White</td>
<td>591,992</td>
<td>523,802,192</td>
<td></td>
</tr>
<tr>
<td>(ii) Coloured</td>
<td>12,403</td>
<td>1,819,418</td>
<td></td>
</tr>
<tr>
<td>(iii) Asian</td>
<td>12,913</td>
<td>5,456,166</td>
<td></td>
</tr>
</tbody>
</table>
233. Mr. T. ARONSON asked the Minister of Finance:

What is the amount of the loan levy expected to be repaid during 1977 to (a) public companies, (b) private companies and (c) private persons.

<table>
<thead>
<tr>
<th>The MINISTER OF FINANCE:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) and (b): Loan levy</td>
</tr>
<tr>
<td>Interest</td>
</tr>
<tr>
<td>(c)</td>
</tr>
<tr>
<td>Interest</td>
</tr>
</tbody>
</table>

No analysis of the statistics relating to companies as between public companies and private companies is available.
TAXATION
Gerald Reilly

Little hope of separate tax

JOINT TAXATION of married couples is likely to continue in spite of claims that the system is keeping highly qualified women workers at home.

The government's reluctance to change the system was reinforced by a report last year of an inquiry made by the Department of Inland Revenue of cooperation with the standing taxation committee into the effects of taxing working wives separately.

The inquiry produced convincing evidence that it was only when the combined income exceeded R15 000, a year that any real benefit accrued.

The commission found no evidence that the system of aggregation of incomes was a significant deterrent to married women working as it had been made out to be by women's organisations and other bodies.

It was found, too, that the percentage of economically active married women was relatively high and it was doubted whether additional tax incentives and relief would affect the numbers significantly.

What was significant, however, was that even in the R15 001 to R20 000 income category, where the need to work was far less pressing, no less than 34.7 per cent of married women worked. And even in the income categories above R20 000 the number of working wives was relatively high.

Tax records show that the number of economically active women in Cape Town is 37.3 per cent, in Pretoria 41.8 per cent, in Johannesburg 37.8, Witbank 38.9 per cent, Durban 31.4 per cent, Port Elizabeth 31.3 per cent, Bloemfontein 33 per cent, and East London 32.6 per cent.

So, the taxmen argue, it is pretty obvious that the present joint taxation system is not a big discouraging factor to married women working.

In fact the commission suspected that where job opportunities existed for married women it appeared that the optimum number employable married women were actually working.

Another factor which weighed with the commission was the additional work burden on the Department of Inland Revenue if separate taxation were introduced.

According to the report it could well be the last straw for an already overburdened tax gathering machine.

Figures provided by the Department in Pretoria show that up to a joint income of R9 000 married taxpayers would pay more if taxed separately. At R10 000 there would be a marginal gain of R11.

The department points out too, that 81.217 per cent of married taxpayers have incomes of R10 000 or less.

The figures show a gain of R59 at the joint R15 000 level where the wife earns R15 000 and the husband R15 000 the gain is a solid R2 460. The bigger the husband's contribution to the joint income, however, the smaller is the benefit.
Drop in 3/72 of monthly taxes

Taxes for most categories of workers are to go down next month.

The move follows the Government budgetary decision last year to implement a higher annual tax rate to be paid over the last nine months of the current financial year but, for the forthcoming financial year, beginning March 1, tax rates will decrease. This is because the new rates will be spread over 12 months.

Among those to benefit most will be earners covered by the single code.

Examples of the new rates, with currently paid taxes in parentheses, are:

- R250 a month: married with two children, R5,81 (R5,51), single: R27,56 (R29,31)
- R500 a month: married with two children, R5,63 (R3,65), single: R57,52 (R58,15)
- R750 a month: married with two children, R9,20 (R9,07), single: R124,35 (R124,50)
- R1,000 a month: married with two children, R170,23 (R181), single: R266,18 (R276,38)
Nyetere's Border Madness

The Star, Tuesday
Higher tax will depress economy

Johannesburg businessmen expressed the firm today that the increase in excise duties and sales tax announced yesterday would have an adverse effect on South Africa’s economy.

In a surprise announcement in Parliament yesterday the Minister of Finance, Senator Horwood, said sales tax would rise by 25 percent and excise duties on beer, wines, spirits and cigarettes would also go up.

The announcement was made three weeks before Budget Day to prevent stockpiling and subsequent loss of revenue for the Treasury.

Manufacturers and retailers said they feared consumer resistance which would lead to a drop in productivity and increase in unemployment.

Mr Raymond Parsons, executive director of the Association of Chambers of Commerce, said the increases would have an impact on profits, prices and growth “in the months ahead and the standard of living will inevitably fall.”

He felt they would probably accelerate unemployment and closing down of businesses.

This indirect taxation was the “lesser of the two evils,” he said.

TARIFFS

It was preferable to direct taxation which was already inhibiting productivity.

He added that the increase in taxation and administered prices (railway and electricity tariffs) “strongly underscore the need to strictly discipline public sector spending and attract more foreign capital to South Africa to lessen the burden on the South African taxpayer and consumer.”

Mr J. E. van Huyssteen, director of the Motor Industries Federation, said he was “shocked and disgusted” about the increases as the industry “is already in a bad position as a result of the economic recession.”

He predicted a spending spree on existing stocks of cars for the next month.

The increase in sales tax would add about R450 to big cars such as Mercedes-Benz and about R20 to smaller cars like the Volkswagen Beetle.
Tax/lease revenue from mining industry

Mr. G. H. WADDELL asked the Minister of Finance:

1. (a) What was the total amount received from the mining industry in tax and lease revenue for the financial year 1975/76 and (b) what is the estimate for the financial year 1976/77;

2. what amount of such revenue had been received by the Exchequer up to (a) 30 September 1976 and (b) 31 December 1976.

The MINISTER OF FINANCE:

1. (a) R715 788 630.

(b) This information is contained in "Revenue—Estimates of Revenue (Second and Final Print)—RP. 4—1976.

2. (a) R246 341 830.

(b) R375 409 858.
Bantu tax structure

Mr G. H. WADDELL asked the Minister of Bantu Administration and Development:

Whether the committee appointed to investigate the present Bantu tax structure has completed its investigation; if not, when is it expected that the investigation will be completed.

The DEPUTY MINISTER OF BANTU ADMINISTRATION AND EDUCATION:

Yes. The report is now being studied with a view to further action.
PRP ATTACK ON BLACK TAXATION

The Argus Political Staff

THE collection of small amounts from Black taxpayers in terms of the Bantu Taxation Act came under fire yesterday from the chief finance spokesman of the Progressive Reform Party, Mr. Harry Schwartz.

Mr. Botha said statistics for the 1975-76 financial year were not yet available, but his figures for the previous year showed employers paid an average amount of R316,85 for every employee registered in terms of the Bantu Taxation Act.

The statistics supplied showed a steady increase in the number of Blacks registered under the Act from 86,910 in 1971-72 to 107,548 in the year to March last year.

But the tax collected more than trebled from R5.7 million in 1971-72 to R27.7 million last year. In effect, they increased in tax collected means the average collected from employers for each Black worker rose from R130.83 to R316.85 a year over the period.

Mr. Schwartz concluded: 'It seems as if the amount collected at the lower levels does not warrant the expense to the national economy.'

He said it was quite clear that a large amount of the tax collected involved very small amounts of money. This would involve tremendous adminis-

trative work for employers and would also involve the State.
Bantu Taxation Act

Dr. F. VAN Z. SLABBERT asked the Minister of Bantu Administration and Development:

(a) What amounts in taxes were collected from Blacks in terms of the Bantu Taxation Act in the financial years 1974-75 and 1975-76, respectively, and (b) how many Blacks paid tax based on income in each of these years.

The MINISTER OF BANTU ADMINISTRATION AND DEVELOPMENT:

(a) 1974-75 ......... R35 924 547
    1975-76 ......... R49 749 742

(b) 1974-75 ......... R 2 424 142
    1975-76 ......... R 2 578 335
African taxes

Top R49m

The Assembly—Africans paid R19749742 in taxes in terms of the Bantu Tax Act during 1975-76, but only 237835 paid taxes based on their incomes, according to the Minister of Bantu Administration and Development, Mr. M. C. Botha.

Answering a question by the Progressive Reform Party's Mr Frederik van Zyl Slabbert, the Minister added that equivalent figures for the 1974-75 tax year were R35924547 and 914412.
R282 m taxes outstanding

CAPE TOWN - The Minister of Finance, Sen Horwood, said yesterday that R282 110 867 had still to be collected in taxes for the financial year 1975-76, but only half of this was overdue.

Questioned by Mr Boet Van den Heever (IUP, King William's Town), he said in the tax years 1974 to 1976, 616 441 individuals and 125 688 companies had not yet been assessed. - PC
Employee taxation tables available

Pretoria Bureau

The employees' tax deduction tables which come into force on March 1 can be obtained by registered employers from the offices of Assessors of Revenue, according to a notice in the latest Government Gazette.

Other matters gazetted included:

- The transfer books of local registered stock: 4.75 percent 1977 and 3.75 percent 1982, of internal registered stock: 3.6 percent 1997; 5.5 percent 1995; 9.5 percent 1990 and 10 percent 2000, and of 5 percent Cape of Good Hope colonial stock will be closed from March 15 or April 15.

- Amendments to the wage determination for the clothing industry in certain areas have been proposed. Objections must be lodged with the Secretary for Labour by March 16.

- The Wage Board will hear oral representations affecting the wage clause for the liquor manufacturing industry in certain areas in Cape Town on March 17.

- Amendments to the wage determination for the coal trade in certain areas come into effect on February 28.

HAIRDRESSING

- Amended conditions of apprenticeship for the Pretoria hairdressing industry come into immediate effect.

- Amendments to the agreement for the sugar manufacturing and refining industry for Natal come into effect on February 28.

- Amendments to the main agreement, and to the sick benefit, pension and medical aid fund agreement for the electrical contracting industry in the Transvaal come into effect on February 28.

- The Wage Board has been asked to submit recommendations affecting black workers in the dairy trade in the Witwatersrand and Pretoria areas.

CUSTOMS

- The customs and excise schedules affecting magnesium-triulfate, salicylic acid, methyl salicylate and acetylsalicylic and wire insulated with artificial plastic materials, and foam plastic suitable for covering floors, walls, and table tops have been amended.

- Regulations governing mineral hydrocarbons in foodstuffs, among which bread, chewing gum, dried fruit, jelly preparations and cheese rind, are published.

- The main agreements for the dental mechanician occupation in South Africa has been amended and comes into effect on February 28.
Black man's tax burden

By SUZANNE VOS

INCOME tax for whites and Africans might be separate — but it is far from equal.

The common belief that blacks are better off than white, coloured and Indian taxpayers has been attacked as a "myth" after investigations into South Africa's tax structure.

Few whites are aware, for instance, that African war veterans receive no annual tax abatement for being married or having children or dependants.

Take, for instance, John Smith, and Pius Zondi.

John Smith is a white clerk, married with three children. He earns R6 000 a year. He thinks he pays more tax than Pius Zondi, an insurance representative with three children who also earns R6 000 a year.

Both pay R360 a year into a war pension fund, R420 into a retirement annuity fund and a total of R700 for other insurance and medical aid. They also give R50 a month to help support their elderly mothers.

After all these deductions, John Smith pays R183.20 tax a year and Pius Zondi pays R301.31.

No tax abatements

There is a further inequality: John Smith receives free education for his children. Pius Zondi pays a big sum each year for school books.

The white-black tax anomaly was highlighted this week by members of the Durban group of the Women for Peaceful Change movement. They urged the Sunday Times to investigate it.

Some of the facts that came to light:

● Whites are entitled to a yearly tax abatement of R1 200 if they are married and R700 if they are single.

For Africans there is no difference between married and single and no abatements are given — irrespective of income.

● Whites receive an abatement of R500 each for their first two children and R600 each for subsequent children. Africans receive none — irrespective of income.

Benefits for whites are much higher

Sunday Times Reporter PENSION increases announced by the Minister of Finance, Senator Horwood, when he presented his last Budget give whites a maximum of R725 a month, coloureds and Indians R38.50 and Africans R18.50.

Of those eligible, 92 per cent of whites, 77 per cent of coloureds and Indians and only 34 per cent of Africans drew this benefit.

● Whites can claim an abatement for a partial dependant (R100 each) and up to R250 for someone who is wholly dependent. Africans cannot.

● If a white taxpayer is over 60 he can receive an abatement of R700. It is not paid to Africans.

● Whites can claim for medical and dental expenses. Africans cannot.

Homeland

Taxes

The Sunday Times also learnt that a married white, coloured or Indian man with four dependant children does not make PAYE contributions until his annual income reaches R3 151, when the rate is R3 a year.

An African, irrespective of the number of his dependants, pays tax from R250 a year, the rate being R1.20 a year. At R3 151 he pays R65.82 a year. He also pays R2.50 general tax a year and various homeland taxes.

White, Indian and coloured taxation is administered by the Receiver of Inland Revenue, African tax by the Department of Bantu Administration.

The Durban Bantu Affairs Commissioner, Mr R. F. W. Riebeling, told the Sunday Times the two tax systems were based on entirely different formulas.

"You don't get an overall picture by comparing individual cases. Africans pay a general tax per head and then, depending on their income, they really pay in addition to the basic general tax.

"If we were all averaged out there would be no significant difference between white and black
**Now good news**

**... income tax unlikely to rise**

Political Correspondent

INCREASES in direct taxation in the Budget are unlikely, say informed sources, despite a deficit estimated at R1 750-million.

These sources predict that the Minister of Finance, Senator Owen Horwood, has framed a deficit Budget with no increase in direct taxation.

Which will be a relief to South Africans still reeling from the sustained body blows of increases in excise and sales duty and rail, air and pipeline tariffs.

An increase in the savings levy is not ruled out, though.

It is said that at least part of the massive deficit will be met by pumping money into the economy via the printing press.

The effect, while inflationary, could temporarily help South Africa out of the depths of the present slump.

This week Mr Harry Schwarz, finance spokesman for the Progressive Reform Party, said the estimated R1 750-million deficit could be much greater if government's increased rate of capital spending with defence the probable to soar to R44-million, the deficit likely to be higher.

This week's increase in sales duty will bring in only an estimated R144-million in extra revenue.

Economists have warned that by making so many commodities prohibitive the Government could suffer a drop in revenue despite the increases.

The rest could be made up by an increase in the savings levy, short-term loans from local banks and the Stabilization Fund and the printing press.

The Government could also try to finance the deficit through the Public Debt Commissioners and overseas loans.

At the moment South Africa's national debt is estimated to be mounting by R6-million a day.

Overseas loan and investment capital for South Africa has virtually dried up.

The only overseas funds still available are restricted to trade or short-term and expensive loans.
Bantu: Tax/hospital levies

Mrs. H. SIZUMAN asked the Minister of Bantu Administration and Development:

What amounts were collected from Blacks during the financial year 1975-76 by way of (a) tax based on income, (b) fixed tax and (c) hospital levies.

The MINISTER OF BANTU ADMINISTRATION AND DEVELOPMENT:

(a) R39 741 804.

(b) R10 007 938.

(c) R70 750.

In a simple two-country world trading a simple homogeneous commodity, the effect of a tariff imposed on the importing country would be to:

49. It happens everywhere else.

5. The primary cause of oscillating migration in the South African economy is that there is mass unemployment, especially among the black unemployed.

47. According to Edlin P. Reuben, article in Challenge the world article.

46. A buffer stock scheme which aims to stabilize prices.

1. Black workers like it that way.

2. Employment do not need to be a right through the year.

3. The economy is expanding.

4. The pursuit of two goals, viz. (a) economic growth, (b) Creation of independent farmers in which all South Africans blacks must be citizens.

5. World population growth outstripping food supplies.

4. The burning of surplus crops.

3. Demand for meat.

2. World economic growth and the high income elasticity of wheat.

1. The failure in 1972 to find many anchorites off The Danube.
Bantu: Fixed tax/hospital levies

Mr. R. M. CADMAN asked the
Minister of Bantu Administration and De-
velopment:

What amount in (a) fixed tax and (b) 
hospital levies was collected from Bantu in 
the Republic including areas under home-
land governments during the financial year 
1974-75.

The MINISTER OF BANTU ADMINIS-
TRATION AND DEVELOPMENT:

(a) R7 615 929.

(b) R62 033.
Africans paid R50m tax

Political Correspondent
THE ASSEMBLY. — Africans paid just under R50 million tax to the Government during the 1975/6 financial year.

They paid R39.7 million in income tax, R10 million in fixed tax and R70 750 in hospital levies, a total of R49 820 482.

This was disclosed by the Minister of Bantu Administration and Development, Mr. M. C. Botha, in the House of Assembly yesterday in reply to a question by Mrs Helen Suzman (FRP, Houghton).
Heavy taxes, plus a recession and inflation, make for heavy living.

With the specter of more tax increases on the horizon and the current status of the economy, many are feeling the pinch. The cost of living continues to rise, leaving many struggling to make ends meet.

Fears of a recession loom large, with businesses and consumers bracing for the impact. The uncertainty has led to a slowdown in spending, further adding to the economic woes.

Inflation has been a persistent issue, with prices for goods and services rising at a rapid pace. This has put a strain on budgets, making it difficult for many to afford the basics.

The government has responded with measures to curb inflation, but the effects have been mixed. Some argue that these efforts have been too little, too late, while others see signs of improvement.

Overall, the outlook remains uncertain, with many hoping for a return to normalcy. However, until then, the pressure on individuals and businesses will continue to grow.
**Taxpayers get windfall**

Your latest salary cheque or weekly wage should have brought a little "bonus" in reduced tax deductions.

And because the Budget included no personal tax increases, this "bonus" should last until at least June next year.

The reason? Last year's tax was deducted over eight months, and so the tax deductions were higher than they would have been over 12 months.

Now the tax deductions revert to a 12-month cycle — and everyone will be taking home more cash.

The following table shows the new PAYE rates with the previous rates in brackets:

<table>
<thead>
<tr>
<th>Monthly Salary</th>
<th>Married</th>
<th>Married One child</th>
<th>Married Two children</th>
<th>Single</th>
</tr>
</thead>
<tbody>
<tr>
<td>R300</td>
<td>R22.71  (R24.13)</td>
<td>R17.71 (R18.79)</td>
<td>R10.63 (R10.63)</td>
<td>R35.21 (R37.56)</td>
</tr>
<tr>
<td>R500</td>
<td>R31.61  (R34.77)</td>
<td>R54.61 (R48.44)</td>
<td>R35.63 (R40.56)</td>
<td>R37.32 (R38.15)</td>
</tr>
<tr>
<td>R750</td>
<td>R111.32 (R118.32)</td>
<td>R161.33 (R167.83)</td>
<td>R92.20 (R97.95)</td>
<td>R164.25 (R174.58)</td>
</tr>
<tr>
<td>R1000</td>
<td>R191.56 (R203.29)</td>
<td>R183.53 (R194.83)</td>
<td>R170.03 (R181.00)</td>
<td>R260.13 (R276.38)</td>
</tr>
<tr>
<td>R1200</td>
<td>R281.17 (R298.75)</td>
<td>R281.17 (R286.75)</td>
<td>R274.56 (R291.76)</td>
<td>R374.00 (R397.33)</td>
</tr>
<tr>
<td>R1500</td>
<td>R389.84 (R410.29)</td>
<td>R389.04 (R413.29)</td>
<td>R389.04 (R413.29)</td>
<td>R500.79 (R537.38)</td>
</tr>
</tbody>
</table>
Import tax: a mixed blessing

The "temporary" introduction of a 15% tax on selected imported items will effectively kill two birds with one stone. It will not only raise an anticipated R400m for the Exchequer, but will also boost the trend to greater self-sufficiency in manufactured goods.

Whether or not individual industries regard the tax as a boon or a bane must depend on their ability to adapt. For example, imported items specifically excluded from the tax include: all petro-lem products, those items bound under Gatt agreements, and purchases made by government departments.

Clearly, for those whose imports are bound by Gatt it's business as usual. For others, such as the textile producers who can, in part anyway, turn to import replacement, the move could well be a fillip for local industry.

For the rest, such as computer suppliers, some clothing manufacturers and selected machine tool importers, there will be little alternative but to pass the 15% on to the consumer.

However, it's the IMF's guess that around R150m in goods will be excluded from the 15% tax and hence the imposition on customs duties values.

On the other hand, reaction overseas is generally one of praise. Not so much at the measures themselves but in the way they were announced. For example, at the time of going to press IMF top brass did not "officially" know of the surcharge, although Ambassador Joep de Looer was meeting them on the afternoon of the Budget speech.

As things are IMF officials are feeling a shade put out especially since the IMF team was in SA recently for a three-week session of top-level meetings. An off-the-record intimation of an impending import surcharge would, it's being suggested, not have been out of place.

One IMF official, who confesses to being "a bit burned" at the way things were handled, nevertheless estimates that around $450m worth of US exports will be affected. That is, those items not covered by the Gatt agreement.

Meantime, on the home front, the 15% tax has met a mixed reception. FCI president John Cronje tells the FMI that: "Although inflationary in the short-term, industry must view the imposition of a non-repayable import surcharge, together with the yet-to-be-announced measures to stimulate exports, as important in stimulating the rate of economic recovery."

The Chamber, though, adds the rider that it's "concerned at the effect of large-scale switching of financial resources from the private to the public sector in conjunction with a freeze in the ceilings on private borrowings."

Similarly, the Textile Federation's Stanley Shlagman is broadly in favour of the surcharge. He argues that the higher cost of imported fabrics will give the industry a chance to show its muscle on import replacement.

Right now, the importation of textile fabrics is running at around R120m a year and probably means that the industry will, through the tax, be contributing a further R18m R20m to the Exchequer.

Barlow's TV MD Derek Cooper says it will mean that local products will become increasingly competitive with imported goods. More important, he adds, it should stimulate productivity and stabilise the current employment situation.

"It was a good Budget," maintains Colin Hepworth, chairman and MD of Associated Engineering. Not least because "there's enormous spare capacity in the industry today and the surcharge will have the effect of taking up the slack."

Many are relieved that the hard-pressed motor industry has been saved a further cluttering. Not least Castrol MD Gordon Bond and Motor Industries' Federation director Jan van Huyssteen.

As far as the MIF is concerned it sees no immediate effect on the price of new cars or light commercials. There may, though. Van Huyssteen points out, be some hitches with heavy commercials and some selected imported motor car components.

Shlagman... bully for textiles

Cronje... stimulating recovery

RURAL 'WHITE' PIC 1975, BY

<table>
<thead>
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<th>Primary School pupils is a percentage of population aged 5-11 years</th>
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<td>45,3</td>
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<td>61,6</td>
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continued/
Sales tax could raise tempers

The cashier rang up the amount the customer owed for the goods the man had bought. Then she calculated the amount of tax he owed, and added this to his total. The customer took one look at it and spluttered.

The scene: A supermarket in Boston, Massachusetts, where a customer was being reminded that a tax imposed at the point of sale can hurt.

Standing in a long queue leading up to the check-out point, I had a good view of the grumbling which took place as some customers — especially those who were not wealthy — made it obvious that they did not like the tax.

Their reaction, however, was very mild compared to that of some New Yorkers a few years ago when a very high point-of-sale tax was introduced. Long lines of flat-waving customers argued with harassed supermarket employees.

The Minister of Finance, Senator Horwood, has not given many details about his planned new sales tax which is to be imposed at point of sale. Therefore, much of what has happened in some countries where such a tax has been introduced, may not apply.

He has said that it would be imposed at a low, uniform rate.

However, it is a tax which can politicise people. They become acutely aware of the fact that they are paying a tax. It is not a hidden surcharge of which they don’t know, like a tax imposed on a manufacturer. It is there for the customer to see, to pay and to grumble about.

"That will be nine dollars and 50 cents, plus tax," said the cashier in the Boston supermarket to the woman in front of me. How will South Africans react to this — especially the illiterate?

Such taxes have been introduced in Europe and the economically hard-pressed northeastern states in the US. Legislators in several other parts of the US have tried to avoid introducing them for several reasons:

- As mentioned above, it is a highly visible tax which can anger people. Shoppers are already displeased when they see how much their purchases are going to cost them. An extra amount in tax added to this can make tempers flare.

- It is not what economists would call a progressive tax. It hits rich and poor equally. Not like a progressive tax where the rich pay more.

- It can be an expensive tax to administer. Large concerns may have to employ extra staff to man check-out points because calculating the tax takes time.

Obviously, how South Africa reacts to the new tax depends on how high it is — and the manner in which it is introduced.
**African tax discrimination condemned**

Parliamentary Staff

HOUSE OF ASSEMBLY.—The Government came under heavy fire yesterday for not eliminating the discriminatory tax system imposed on all Africans in South Africa. Both Mr David Baxter (UP Constantia) and Mrs Helen Suzman (PRP Houghton) condemned the system and said there was no justification for it whatsoever.

Besides paying poll tax, Africans start paying taxes at the very low earnings level of R360 and are allowed none of the rebate privileges that whites, coloured people and Indians get. Mrs Suzman said that those who could not pay should not have to pay and those who could pay should pay at the same rates as coloured people whites and Indians.

Mr Baxter said the system remained a “horrible blot” on South Africa’s tax structure.
TABLE NO. 8

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<th>Type of School</th>
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<tr>
<td>Farm</td>
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<td>Community</td>
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Source: R.P. 45/1975

The proportions given in Table No. initial enrolment and not success: year. On the other hand, there for farm schools as approximately

\[
\text{SALES TAX} \quad \text{Final proportion} \quad \frac{3}{8}
\]

\[
\text{Over the counter} \quad \frac{7}{8}
\]

A sales tax to be collected by retailers what seems simple enough. All that has to be done, some people aver, is to levy, say, a 10% on retail turnover and collect every three months. But it isn't that simple.

Finance Minister Owen Horwood announced in the Budget that the government had aimed in principle to a sales tax which would be levied at a low uniform rate on the widest possible basis. How the huge task of finalising the details of the new scheme has begun and because of the complexities involved it will be a year or more before we will all know the sales tax at the till.

At the moment sales tax, which varies between 8% and 33% (there are six different rates) is collected from some 6,000 manufacturers and importers, while a turnover tax at retail level would push the number of collection points to 150,000 or more. Thus a new army of government officials — an additional 400 has been mentioned — will be needed to police and administer the new system.

In the 1976-77 financial year sales tax was estimated to yield R289m and retail sales for last year, according to the Department of Statistics, totalled R10 632m. On this basis, for government to make the same sum, a turnover tax of 7% will be needed. For this reason the turnover tax, when it comes, is expected to be around 3% even though Horwood has indicated that the existing sales tax at manufacturing level may still be continued on some articles, presumably luxury goods.

If services such as those provided by garage workshops, hotels and insurance companies are also to be taxed, of course, the percentage could be less.

Government thinking at the moment is mainly directed at a turnover tax on all goods sold to an end user who does not intend to resell them. The F.M. understands that professional services such as those provided by attorneys, doctors and architects will definitely not be taxed but there may well be a tax on other types of service.

The system would work something like this. If the tax is 3% this would be added to the buyer's total bill before he pays. Inevitably it will mean a lot more work for shopkeepers and rounding off will have to be done when fractions of a cent are involved. But whether the customer or the tax man will lose on this remains to be seen.

The numerous price-controlled articles could create further complications with arguments over whether or not these items should be increased by the addition of a turnover tax. In addition any new system must ensure that manufacturers are not taxed on components they use in their end product. People like whole sales, who often sell both to the public and retailers, will create additional problems because they will only have to collect on what they sell to the public.

But whatever the mechanics of the new system are, one thing is pretty certain, and that is that in a year or two we will be paying a tax on just about everything we buy, including food. And on some luxury items we might even be taxed twice — once at the manufacturing level and once at the retail end.

The time of the time required to ensure that occur, particularly in a non-urban school is confirmed by the numbers shown in

The proportion of children at other school who reach school at age 28 of the time required to ensure that occur, particularly in a non-urban school is confirmed by the numbers shown in
**CO-OPS**

**Hardly taxing**

3/8

The long-awaited taxation of co-ops may satisfy some people, but anyone who believes that this is going to produce great results is in for disillusionment.

The arrangements announced by Senator Horwood are the same as he outlined last August: they come into effect for tax years beginning on or after April 1, 1977. The normal rules for the determination of taxable income of ordinary companies will be applicable to agricultural co-operatives, but having regard to the particular operational circumstances of these co-operatives, the following adjustments will be made:

- Surpluses of an agricultural co-operative which are declared, in whatever form except dividends, to members within six months of the close of the financial year, will be allowed as a deduction for tax purposes. As at present, the distribution will, on allocation, be taxable in the hands of the recipients.
- As in the case of industrial undertakings in prescribed circumstances, co-operatives will be granting a building investment allowance and an annual allowance in respect of factory buildings and buildings used for the storage of the agricultural products of producers.
- As a bridging measure, agricultural co-operatives, in determining their taxable income, will be permitted, for the first 10 tax years, to deduct repayments of loans which the Secretary of Inland Revenue is satisfied were raised to provide facilities for the storage or primary processing of the product of their members.

Horwood says that no additional revenue from this source is expected during the 1977/78 financial year. He might have added that there will be precious little in future years either.

It may make things a little more difficult for the co-ops, but as SAAGU director Chris Cilliers puts it, co-ops are not there to make profits. If they do, it is because they have either given the farmer too little for his product, or charged too much for what he buys from them. Both can be adjusted by paying more in the first instance, or charging less in the second.

The latter could lead to some dislocation of prices *vis-a-vis* private enterprise. But thus far the policy has been that farm requisites must be sold at ruling prices.

It would be difficult, Cilliers concedes, for primary co-ops to work on a deficit, because at the end of the year they would have to collect any balance due from thousands of members. But the large central co-ops (those which only deal with other co-ops) he says, could manage without a profit.

Alternatively, all the primary co-ops have to do to avoid paying tax is to ensure that their “surpluses” are “declared” to members within six months. (This may not suit high tax-bracket members, however.)

Various other important matters arising from the Steenkamp report, such as financing and licensing, are still under discussion. Comments Horwood: “Good progress continues to be made.” About time too.

On the vexed question of cheap Land Bank finance to which the co-ops have access, the F&M understands that agreement has been reached in principle that there will be two rates of interest: one “privileged” and the ordinary market rate for certain purposes. But this has not been announced yet.

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Tax blow to

A first class row is brewing up between government and a cross-section of national employer bodies over the 15% ad valorem duty on non-GATT imports. The problem area is in exports. Many SA exporters first import raw materials, manufacture then re-export  and thus claim duty rebate on the imported materials. The new 15% tax has effectively put a stop to that. From now on exporters will pay normal duties plus the ad valorem surcharge. That could mean the cost of manufacturing goods for export will rise dramatically, ironically in the year of the Republic's great drive for exports.

FM sources say that the private sector Export Advisory Committee (which represents a cross-section of exporters, Ascom, the Handelsinstitut, Seiba and the Chamber of Mines, plus regional committees) has contacted Joep Steyn, Secretary for Commerce. The organisation has told him, in so many words: "Someone, somewhere, has made one hell of a mistake."

Steyn's reply, the FM's told, have been far from encouraging.

The National Clothing Federation is deeply concerned, says Director Frank Whicker: "Most of the raw materials we use for exports are imported. I think the clothing industry's export drive will be seriously damaged." He estimates that the cost of producing one exporter will shoot up by at least 7.5%.

The South African Foreign Trade Organisation (Safio) has been inundated with telephone calls from its 650 members since the budget speech. A detailed memorandum is being prepared and Steyn's plea will be: "Think again Mr. Hofmeyr."

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<th>26'9</th>
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<tr>
<td>In Std.</td>
<td>4.7</td>
<td>Percentage</td>
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</table>

Proportion of primary school pupils in higher grades in

Table No. 8

Source: A.R. 45/1975

Table No. 9 below
The What a bind

Seldom has anything meant so much to so many while being understood so little by so few as the Budget's 15% ad valorem import duty on non-GATT bound items. But there are a few rays of light:

For one, Joop Steyn, Secretary for Commerce, says that whether the duty will be levied on raw materials to be used for re-export (FM last week) is under consideration. That should raise the hearts of those exporters who feel very strongly that the non-refundable duty will depress exports, especially the clothing sector which is trying hard to enter the potentially lucrative markets of Canada, US and Europe.

A wonderful world

There’s little joy for manufacturers of goods for the local market, though this should urge many erstwhile importers of raw materials to look around for locally produced substitutes. But if nothing else, the 15% surcharge shows up the weird and wonderful vagaries of GATT agreements.

The 15% levy will apply to books, not to postcards and greeting cards. Neither will it be levied on catalogues, price lists and trade publications of firms or persons having no established place of business in the Republic — and presumably their aim is to sell more goods to SA.

The duty will hit kraft papers but not fine coated and uncoated papers. Importers of machine tools will largely escape the 15% but will find that cutting tools used with the equipment are liable. Paraffin wax slides by, but scale and slack wax stick fast. Sugar imports will be charged 15% but excluded are molasses, lactose, syrup and sugar confectionary. Semi-conductors are subject to duty, but radio, radar and TV valves aren’t; neither are non-mechanical saws, toilet soap, perfume or incense sticks and papers.

It all emphasises the problems with GATT agreements. Many concessions were made in the post-war period when SA was basically an agricultural and raw materials exporter without the industrial strength to press for beneficial returns, and as a gesture in the interests of European post-war reconstruction. (How the tables have turned!)

One pharmaceutical company sees the move as something that will throttle SA’s subsidiaries who, finding it difficult to get working capital locally, are allowed low transfer (import) prices in comparison with overseas current domestic values.

The argument goes that if the UK domestic price (CDV) is R5, and the fob price for SA half that (R2.50) a surcharge of 15% is levied on CDV (which yields the higher duty) adding 75c and effectively raising the SA cost to R3.25 from R2.50. That, claims one pharmaceutical company, is an increase of 30% to the SA company which will want to pass the rise on to the consumer.

Some companies feel that the 15% ad valorem surcharge is an attempt to replace the 20% import deposit scheme, which ended after six months and is currently being repaid to importers. The reckoning in many areas is that the surcharge will not raise the needed R400m or really stimulate local manufacture.

And what about the ripple price rise effect? Wearing his price controller’s hat, Steyn says that “local manufacturers of goods subject to price control who use raw materials to which the surcharge is applicable, will have to apply for permission to raise their prices”.

Look like there’s an awful lot of paperwork heading the way of SA industries who fall under that category. And for the rest? The only solution seems to be “grin and bear it”.

As the link between the school and the B.E.D., who administers the community school districters the African state school. This departmental approval, to a farmer’s manager. It is not uncommon for the minister of religion as manager. In some areas the manager the affairs of a number

The manager is the pivotal education for Africans. He initiates the built partly at his own expense; and supervises the teacher as well. In many cases; keeps the school for their farmers who allow their workers’ education.

One pharmaceutical company sees the move as something that will throttle SA’s subsidiaries who, finding it difficult to get working capital locally, are allowed low transfer (import) prices in comparison with overseas current domestic values.

The argument goes that if the UK
One worse than Lincoln’s tyranny

TAXATION without representation is bad enough, but what makes it infinitely worse in South Africa is that the tax system is actually loaded against the unrepresented Blacks. As Mr Harry Schwarz has noted, it operates to the detriment of Africans at lower-income levels — although it benefits those at the higher levels.

This results in the bizarre situation whereby the most poorly paid of people pay higher taxation simply because of their skin colour. A handful of well-off Africans benefit from the discrimination in reverse.

In practice, Whites (and Coloureds and Indians too) who are unmarried start to pay income tax only when their earnings rise above R700 a year, and R1 100 if they are over 60 years old. If they are married, tax starts at R1 200 a year; for those with four children, at R3 600 a year.

But Africans start paying when their income is R360 a year — whatever their age, marital status or number of children.

Additionally, all African men are liable for a “head” tax of R2.50 a year — and face jailing if they do not pay. Africans are denied the abatements for children and dependants, medical expenses and life insurance premiums granted to others as a matter of course. And African widows are treated as single people, however many children they have, whereas widows of other groups pay less tax because they are allowed married status.

It is a thoroughly objectionable and unjustifiable situation. Yet it is maintained from year to year, through one Budget after the other, and despite the pious declarations from the Prime Minister and the Foreign Minister about their intention to rid South Africa of racial discrimination.
Bantu taxpayers/general tax revenue

810. Mr. H. H. SCHWARZ asked the Minister of Bantu Administration and Development:

What was the (a) number of Bantu taxpayers in each income group and (b) percentage of general tax revenue derived from each group in the 1973 tax year.

The MINISTER OF BANTU ADMINISTRATION AND DEVELOPMENT:

(a) and (b) The statistics as asked for are not readily available as the Department does not keep statistics in that form.
'Simple' tax on turnover planned

The new turnover tax due to be introduced next year will be broad-based, low rated and a single rate, the Secretary for Inland Revenue, Mr W. J. H. van der Walt, said in Cape Town yesterday.

He told the executive committee meeting of the Federated Chamber of Industries, that the new tax would be a simple one with no cascade or escalation effects.

It would be a tax on transactions and not on commodities, and would be similar to the one in use in the United States.

A major problem, said Mr van der Walt, was to define 'retail,' because goods could be sold at the factory level, at the wholesale level or at the retail level. In the final analysis, however, the tax would fall on 'goods not intended for resale' to any one else, he said.

All vendors would be registered or licensed, said Mr van der Walt, as there would be no tax on purchases as is the case at present with purchase tax.

There would be a need to 'police' the system, said Mr van der Walt. In America, where a simple purchase tax system operated effectively, it had been shown that tax inspectors could help small shop owners — the 'momma and poppa shops' — to keep records and master the system.

Referring to suggestions that the Government should consider introducing a value-added tax (VAT), he said the idea that this tax has no escalation effects is a fallacy.

Mr S. Schlager, acting chairman of the FCI's tariff committee, said the replacement of the sales tax by the turnover tax would save the public between R60-million and R100-million a year in administration costs.

There would be a 'tax holiday' before the turnover tax was imposed to enable goods bearing sales tax to be sold off. However, it was likely that the sales tax would be retained, on certain goods falling in the sumptuary class.
Africans paid R50m tax

Parliamentary Correspondent

CAPE TOWN — Africans paid just under R50 million tax to the South African Government during the 1975/6 financial year, said the Minister of Bantu Administration and Development, Mr. M. C. Botha, in the House of Assembly yesterday.
MONDAY, 16 MAY 1977

† Indicates translated version.
For written reply:

### Individual taxpayers

[88] Dr. F. Van Z. SLABBERT asked the Minister of Finance:

<table>
<thead>
<tr>
<th>Income Category</th>
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<th>(b) Coloured</th>
<th>(c) Asian</th>
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<td>%</td>
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SALES DUTY 'DECEIT' EARNs FINE

People who deceived the Treasury imposed an additional burden on honest members of society, a Durban judge said yesterday in fining a company director R5 100 for contravening the Customs and Excise Act.

The Treasury was wrongly considered fair game for such deceivers, Mr. Acting Justice Friedman said in sentencing Abbas Essop Khan (41).

Khan, a former director of Victory Upholsterers (Pty) Ltd., was convicted on five counts of contravening the Act and was sentenced to pay a fine of R150 or serve 28 months' imprisonment. A further 30 months was conditionally suspended for three years.

Charges against a co-director, Mr. Gones Naidoo, were withdrawn by the State.

The State alleged that between August, 1971, and July, 1972, Khan handed incorrect sales duty accounts to the Department of Customs and Excise.

The deficit in sales duty that should have been paid to the department in that period amounted to R68 292. About R18 600 of this was still outstanding.

Mr. Acting Justice Friedman said the Court took a serious view of dishonest attempts to deprive the Treasury of its "just deserts."

He accepted that Khan had committed the contraventions in an attempt to avoid liquidation of Victory Upholsterers which was, in financial difficulties.

He was a useful member of society who had done a great deal of good in his community. He had also spent five years awaiting trial.

Dear supply department,

Dearest supply department,


NATAL MERCURY

2/6/77 3/8

SALES DUTY 'DECEIT' EARNs FINE

Court Reporter

PEOPLE who deceived the Treasury imposed an additional burden on honest members of society, a Durban judge said yesterday in fining a company director R5 100 for contravening the Customs and Excise Act.

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He was a useful member of society who had done a great deal of good in his community. He had also spent five years awaiting trial.

Dear supply department,
New tax plan mooted

Political Staff

THE ASSEMBLY — It was time the coloured people started paying their way by contributing more in taxation to the common facilities they shared with white people, Mr J W H Wiley (SP, Simonstown) said last night.

Speaking in the debate on the Community Development vote, Mr Wiley appealed to the Minister of Community Development, Mr Steyn, to consider a new form of municipal taxation to spread the burden more evenly.

He said there were cases where coloured families lived together and their combined income was far more than that of a white family.

The white family, nevertheless, had to pay the same share of taxes whereas these coloured families who lived together did not have to pay while using the same common facilities.

The Minister, Mr Steyn, said his top priority was to clear the backlog in Coloured housing. Once this had been done one could demand that they make an equitable contribution to the payment of common facilities.

"Overcrowding is not a fault of the coloured people, it is due to a shortage of homes," Mr Steyn said.

Earlier in the debate, the minister made an urgent plea to all employers of coloured labour in the Cape to pay their employees a livable wage so they could afford better housing.

He said a recent survey indicated that half the coloured employees in the peninsula earned less than R159 a month.
Bad news for gentlemen farmers

The days of farming for tax purposes are numbered. Businessmen doing a little farming on the side to evade the savagery of the taxman are in for a rude awakening. It is contained in an amendment to the Income Tax Act, which is due to be gazetted today.

Quite simply, the effect of the amendment is that the farmer presently making good profits from farming will be able to claim his tax deductions for capital expenditure immediately instead of over a period of ten years or more.

But the farmer who has other activities and in the past was able to set-off farming losses against income from those outside sources, will now show smaller farming losses. He no longer will be able to claim wear and tear on equipment, and deduction of the capital expenditure will be deferred until he has profits from farming against which this expenditure can be set-off.

removes a pump, and sells them as "moveable assets", the proceeds will be a recoupment and subject to tax. Consequently, warns Morris, caution will have to be exercised in drawing agreements for the sale of farms on a "lock, stock, and barrel" basis. Now the seller will be taxed on any portion of the farm's purchase price which relates to moveables.

UCT's Morris ... a bit on the side isn't enough

What the amendment does is revise the treatment of equipment used by farmers "for farming purposes". Farmers have for some time been permitted to write-off for tax purposes a wide variety of capital equipment, specified in Paragraph 12 of Schedule 1 to the Act, ranging from dams and irrigation schemes to fencing. To this list has been added a range of machinery, implements and the like used by the farmer for farming purposes, all of which can now be written off in full in the year of acquisition and no longer over a protracted period of claiming wear and tear allowances.

On the face of it, the amendment represents a major concession. And so it is, in the case of a farmer whose taxable income from farming, before the Paragraph 12 deductions, is substantial. It must be substantial for his write-offs to be substantial because the taxpayer can only write off expenditure to the limit (and no more) of his taxable income from farming before the deductions. Thus, if his farming income is R10 000, he can write off a maximum of R10 000 and must carry forward the balance.

However, points out John Morris, Professor of Tax at UCT, in many cases the amendment actually will restrict rather than extend the tax allowances which farmers can claim. Whereas the old wear-and-tear allowance could be claimed whether or not there was taxable income from farming and thus could be set-off against other non-farming income, the deductions now will be granted only to the extent that there is taxable income from farming before the Paragraph 12 allowances.

"Any balance which cannot be claimed in the year the expenditure is incurred will be carried forward to future years," Morris elaborates. "The taxpayer who derives income solely from farming is not prejudiced by the restriction as his taxable income effectively will be reduced to nil and any balance of capital expenditure will be carried forward in the same way as an assessed loss."

Wear and tear

What of existing equipment which today has been written off partially? Farmers no longer will be able to claim wear-and-tear but will be permitted to write-off the balance of the cost in three equal annual instalments. Clearly, those with equipment already so written down that the balance could have been dispensed with in less than three years will be worse off than those with newer equipment, but the inequity holds no disastrous implications.

A far more serious potential pitfall relates to the recoupment of tax allowances. If a farmer sells a piece of equipment which has been written off, his recoupment of the allowance is subject to tax. Under the amendment, all the Paragraph 12 allowances are made subject to recoupment if they relate to assets which are or become "moveable assets" and are disposed of.

This means that a farmer who sells his farm complete with improvements will have no recoupment problem. But if, for instance, he takes down fencing or
3 pc shop tax proposed

SPRINGS — The proposed "point of sale" tax would mean that it would be easier for the Government to put up rates without the general public noticing, the executive director of Assocom, Mr. Raymon Parsons, said at the regional conference of South-West Transvaal, here yesterday.

At present the proposed tax would be three percent, which would net R230 million each year for the Government.

Mr. J. Peis, past president of Assocom, said Chambers of Commerce had long been opposed to such a tax. It would mean extra work and expense to traders.

The proposed tax would be added on to the total transaction of all moveable items.

All retailers would have to take out a licence to be able to buy goods from suppliers free of the sales tax. He suggested that all Government purchases be subjected to the tax to lessen the load on the consumer.

Retailers would have to record all sales to licensees. An "add in" system would perhaps be better.

"The trader would add tax on his total sales and possibly recover it by including the sum on the selling price of his goods," he said.

Services such as those performed by doctors and lawyers would not be taxed, but hairdressing, services, dry cleaning, motor repairs and similar services would probably be taxed.

According to Mr. Peis, the Department of Inland Revenue had not yet decided on a date for the introduction of this tax to replace the old sales duty. — (Sapa.)
SALISBURY — Rhodesians who feared punitive tax rises to pay for the 44 percent increase in defence spending were surprised by a Budget yesterday that contained few tax increases.

Minister of Finance Mr. David Smith is budgeting for a deficit for the second year running — this time an estimated R90 million.

But he has avoided direct tax hikes and has left untouched other traditional revenue sources like sales tax and duty on tobacco and liquor.

With a Robin Hood touch he introduced new tax structures which will mean that, from next year, single people earning less than R12,060 and couples with incomes below R18,760 will in fact pay less.

More tax will be paid on incomes above R18,760.

The tax savings will not be munificent. For single taxpayers they could be R88 a year and for couples R199.66.

**Shortfall**

The 10 percent “war” surcharge remains in force until March 31, 1978, when it will drop to 7.5 percent.

Company tax which is now 44 percent will rise to 45 percent from next year.

Revenue last year showed a R21.4 million shortfall and spending rose by R42.9 million, pushing the estimated deficit of R28.6 million into a shortfall for the year of R80 million.

Mr. Smith had the tough job in covering projected spending of R354.5 million of which 26 percent will be on the bush war.

It is a cleverly judged Budget in the present uncertain climate, reassuring individuals and allowing as much incentive as possible under restrictive conditions to commerce and industry.

Overall Mr. Smith had embarked on a holding exercise while settlement efforts continue.

Observers agree that he may yet to resort to the device of the past few years — a mid-year tax increases — in the new financial year.

The Government’s main headache has been to find the money for huge defence spending while trying not to upset white morale.

Income and company tax surcharges and sales tax pushed up by 5 percent will raise at least R134 million more in revenue than last year.

Mr. Smith said he had been pressed to limit the amounts in dividends and other income that can be sent out of the country.

**Investors**

It was not in Rhodesia’s interests to limit income sent to foreign investors, but a different view could be taken about the income of former residents.

From this month the amounts sent to former residents and for future emigrants will be cut to R35 000 a family a year.

But retired people whose pensions, and other income exceed that amount, will be allowed up to R57,000 a family a year.
Terror's top men hit hard

ANTHONY RIDER

Salisbury — Rhodesian Security Forces have killed three terrorist section commanders, a security officer and a political commuter among 19 killed in the past two days.

This is the first time the military authorities have announced the deaths of so many leading terrorists.

The number killed this month is now 69 against 35 men lost by the security forces.

The latest Security Force death was that of district assistant John Nanjarjina (22) of Bulera, in the south-past.

Zapu spokesman, defined a band operating from Botswana have shot a Black store guard and boobytrapped his body with a handgrenade.

A Rhodesian police spokesman in Bulawayo said the incident had disquieted and angered the local tribespeople.

He said terrorists recently robbed a store on the Botswana border about 50km west of Plumtree.

The nightwatchman tried to disarm them but was killed at pointblank range.

The terrorists took two stereophones — both women — and took them away by force.
No tax hikes in Rhodesia

SALISBURY — Rhodesians who feared punitive tax rises to pay for the 44 per cent increase in defence spending were surprised by a budget yesterday that contained no tax increases.

The Minister of Finance, Mr David Smith, is budgeting for a deficit for the second year running — this time an estimated massive R90 million.

But he has avoided direct tax hikes and has left untouched other traditional revenue sources like sales tax and duty on tobacco and liquor.

With a Robin Hood touch he introduced new tax structures which will mean that from next year single people earning less than R12 000 and couples with incomes below R18 700 will in fact pay less. More tax will be paid on incomes above R18 700.

The 10 per cent "war" surcharge remains in force until March 31, next year, then it will drop to 7.5 per cent.

Mr Smith had the tough job of covering projected spending of R854.6 million which 28 per cent or R247 million will be on the bush war.

It is a cleverly judged budget in the present uncertain climate, reassuring individuals and allowing as much incentive as possible under restrictive conditions to commerce and industry.

Overall Mr Smith has embarked on a holding exercise while settlement efforts continue.

Commenting on the diversion of money from productive purposes to the bush war Mr Smith said: "There must be no extravagance, no waste and no disregard of the sacrifices necessary in every home to pay for effective security."

He added: "Rhodesia is enduring a severe recession. It is enduring also the extra burden of anti-terrorist operations. The budget shows that although strains are being imposed on domestic and foreign exchange resources, the country can weather the storm." — DDC.
How to relieve marginal tax frustrations

SOUTH Africa's high marginal rate of tax is regarded by most executives as a frustration and a severe disincentive to working harder.

But some US economists have devised a graph to show that very high tax rates can be reduced and the tax receipts going to the authorities increased.

Their graph reflects the relationship between Government revenue from taxation and the rate of taxation. It bulges as can be seen in the accompanying graph, somewhere around a 65% tax rate, and by lowering the rate from 100% to 65%, revenue increases.

The Laffer curve (it is called after the inventor) demonstrates that at a 100% tax rate, the Government receives not one cent — there would be no taxpayers — and at a 0% tax rate, there is also no benefit for the revenue authorities.

One can see however that as the tax rate moves down from 100%, revenue increases quite fast and then falls off again.

This means that the Government could safely cut tax rates from the present 72% to 65% and gain, instead of losing. It does this because it increases the number of taxpayers and the amount they earn and declare at these levels.

The argument put forward by the tax authorities that any lowering of the tax rate will be costly in terms of revenue is not necessarily true.

The authorities assume the marginal taxpayer has the same approach to work as a civil servant who works his allotted hours and that is all.

By removing the irritation and disincentive of high marginal rates, the authorities could well find themselves with more executives working harder, earning more and all of them paying more tax.

Should this occur, it would allow the Finance Minister to be more generous in his tax concessions to the lower income earners.
Oil tax plan attacked

PRETORIA — The suggestion by the managing director of an oil company that petrol taxes should be increased was yesterday rejected as narrow... and without appreciation of the severe economic consequences" by Consumer Council chief information officer, Mr. Michael Hawkins.

He said: "If Mr. Hough has been correctly reported, I would suggest that he has not taken the economic implications of such a step into account.

"Even a small rise in the price of petrol would affect virtually every sector of the national economy, and result in another series of inflationary price increases—all of which, no doubt would be passed on to the consumer."

Mr. Hawkins dismissed the statement that individual consumers were far too casual in their use of petrol.

This was as unlikely as a recent suggestion by another oil company that a discount of 40 cents on R2.90-worth of petrol would lead to unessential joyriding.
DEPARTEMENT VAN DIE EERSTE MINISTER

No. 1355.

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:


DEPARTMENT OF THE PRIME MINISTER

No. 1355.

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:

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 on 28 February 1978 and 30 June 1978 and by companies in respect of taxable incomes for years of assessment ending during the period of twelve months ending on 31 March 1978; to provide for the payment of a portion of the normal tax payable by certain companies into the Revenue Fund of the territory of South West Africa; to provide for the repayment to the taxpayers concerned of a certain portion of the normal tax paid by those taxpayers; to amend the Income Tax Act, 1962; and to provide for incidental matters.

(Afrikaans text signed by the State President.)
(Asent to 11 July 1977.)

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—

(a) the taxable income of any person other than a company for the year of assessment ending 28 February 1978 or 30 June 1978; and

(b) the taxable income of any company for any year of assessment ending during the period of twelve months ending on 31 March 1978,

shall be as set forth in the Schedule to this Act.

Porportion of normal tax payable by certain companies to be paid into the Revenue Fund of South West Africa.

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 Rehoboth Revenue Fund, a portion equal to one-seventh of any amount of tax calculated in accordance with item (i) of subparagraph (b) of paragraph 1 of the Schedule to this Act, before the addition of the surcharge referred to in the proviso to the said subparagraph, shall accrue for the benefit of the Revenue Fund of the territory of South West Africa and shall be paid into the said fund in the manner prescribed in section 22 (2) (c) of the South West Africa Affairs Act, 1969 (Act No. 25 of 1969).

(2) The provisions of subsection (1) shall be deemed to have come into operation on 1 April 1977.

Certain portion of the normal tax to be repayable to taxpayers.

3. The portion of the normal tax determined in accordance with the provisions of paragraph 1 (h) or (i) of the Schedule to this Act shall be a loan portion of that tax.
Tax shocker affects all— even church bazaars

Financial Editor
A major new tax covering everything from food to charity cake sales is about to hit South Africa.

The new retail tax, soon to be introduced, will be levied on all commodity sales.

Auction sales, private sales, fetes, morning markets and cake sales will be subject to the tax and so will services.

In addition, the sales duty at present in force will not be completely phased out.

Delegates at the congress of Natal regional chambers of commerce in Durban at the weekend were given this information by Mr. J. Melville Pels, chairman of the special committee of Association of Chambers of Commerce.

The committee has been set up to liaise with the Government over the tax.

Mr. Pels made the following points: The taxpayer will be any person selling goods not intended for resale.

All sales will be subject to tax but exemptions for small traders will be considered:

Auction sales and private sales will be included;

So will hawkers and door-to-door salesmen, fetes, morning markets and cake sales.

Basic foods will not be exempt.

The rate of the tax will be kept secret until the final announcement is made by the Minister of Finance, Senator Owen Horwood.

He gave notice of the tax in his Budget this year.

Special staff will be recruited to administer and police the tax which will not entirely replace the existing sales duty.

The new tax will be paid on a total transaction basis, the tax being added to the total cost at the point of sale.

All vendors will have to be licensed.

Manufacturers, farmers and mining operators will be allowed to buy raw materials free of retail tax but purchasers of capital goods will not be free of the tax.

Traders will have to keep a record of every sale to exempted persons and tax payments will have to be made monthly. These will be based on total sales turnover.

Each branch of a store will be registered separately for this purpose.

Consumer services such as those provided by shoe repairers, watchmakers, opticians and garages will be included.

The tax will also apply to work done by hairdressers, photographic studios and dry-cleaning.

Amount

Tax will be imposed on the amount payable. When the service is coupled with the supply of goods, tax will be levied on the combined amount.

It is not intended that the tax should apply to professional services such as legal, medical, dental, accounting, architectural or agency work.

But it will apply to hire-purchase transactions and leasing agreements.

Some "very small transactions" may be excluded.

A tax holiday will be allowed to phase-out sales duty and introduce the new system.

Mr. Pels said that the new tax would cause traders a "slimmy and distressing initial shock" but the work would be temporary.

Among the questions asked from the floor were:

"How can traders raise the huge sums which will have to be paid in tax on hire purchase deals?"

"Where will the Government find the capital to finance the administration and policing of the tax?"
LONRHO SUGAR

DIVIDEND DOWN

SWAZILAND — Lonrho Sugar Corporation (formerly Swaziland Sugar Milling) has declared a final dividend of 20.5c for total distribution for the year ended March 31.

'Turnover fell from £67,637,000 to £59,614,000 and pre-tax profit from £34,397,000 to £10,569,000, with net group attributable profit at £6,458,000 (£10,853,000). The directors note that it has been established that certain tax allowances for agricultural development, previously taken into account, in computing the provision for deferred taxation, will not result in additional taxation in future years. — (Sapa.)

99, Land Classification

References

135
Bantu Taxation Act

767. Mr. H. H. SCHWARZ asked the Minister of Bantu Administration and Development:

(a) How many persons were registered in terms of section 30 of the Bantu Taxation Act in 1975-76 and (b) what total amount was paid by employers in respect of Bantu taxation in that year.

The MINISTER OF BANTU ADMINISTRATION AND DEVELOPMENT:

(a) 9,773,480

(b) R38,399,271.
R400 for each black worker

Political Correspondent

THE ASSEMBLY -- Employers in South Africa paid an average of almost R400 in tax for each black worker they employed during the 1975-76 tax year, the Minister of Bantu Administration, Mr. M. C. Botha, said in reply to a question from Mr. Harry Schwarz (PRP, Yeoville).

Answering a question from Mrs. Helen Sunman (PRP, Houghton), Mr. Botha said 6,733 foreign blacks had been convicted last year in the Fortsburg 'Bantu' Commissioner's courts of being illegally in South Africa.

Of these, 5,546 had been fined, and 3,072 of these had been jailed because they could not pay their fines. A further 193 were cautioned and discharged although not convicted, and 129 were deported. A total of R28,444 was paid in fines.
Income tax

664. Mr. H. H. SCHWARZ asked the Minister of Finance:

What was the total amount of income tax collected in each month of the financial year (a) 1976-77 and (b) 1975-76 from (i) individuals, (ii) gold mining companies, (iii) other mining companies, (iv) other companies, (v) other sources and (vi) total income tax collection.

The MINISTER OF FINANCE:

(a) Total income tax receipts are analysed annually under the various heads after the end of the financial year. It is not possible to furnish details of the 1976-77 collections as the final analysis and audit for this year have not yet been completed.

(b) The analysis for the 1975-76 financial year is as follows:

<table>
<thead>
<tr>
<th>Head</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Individuals</td>
<td>1 352 992 436</td>
</tr>
<tr>
<td>(ii) Gold mining</td>
<td>466 082 550</td>
</tr>
<tr>
<td>companies</td>
<td></td>
</tr>
<tr>
<td>(iii) Other mining</td>
<td>51 587 307</td>
</tr>
<tr>
<td>companies</td>
<td></td>
</tr>
<tr>
<td>(iv) Other companies</td>
<td>1 452 566 714</td>
</tr>
<tr>
<td>(v) Other sources</td>
<td>4 521 215</td>
</tr>
<tr>
<td>(vi) Total income</td>
<td>3 327 750 222</td>
</tr>
<tr>
<td>tax collection</td>
<td></td>
</tr>
</tbody>
</table>

The cost of breaking down the annual totals by month is prohibitive and I do not consider the incurring of such costs to be justified.
### Taxpayers/income tax revenue

766. Mr. H. H. SCHWARZ asked the Minister of Finance:

What was the (a) number of taxpayers in each income group and (b) percentage of income tax revenue derived from each group in the 1975 tax year.

The MINISTER OF FINANCE:

(a) and (b) 

<table>
<thead>
<tr>
<th>Income category</th>
<th>Number of individual taxpayers in income category</th>
<th>Tax assessed in income category as percentage of total tax assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss</td>
<td></td>
<td></td>
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<tr>
<td>1-999</td>
<td>11,725</td>
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<td>1,000-2,999</td>
<td>181,325</td>
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<td>2,000-3,999</td>
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</tr>
<tr>
<td>28,000-31,999</td>
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<td>150,000 and over</td>
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<td><strong>Totals</strong></td>
<td><strong>1,719,038</strong></td>
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</tr>
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</table>

The above information was compiled as at 28 February 1977.
WHEN THE Minister of Finance, Senator Horwood, announced in his March Budget that he was going to introduce a universal sales tax at the point of sale, many people presumed that its main purpose would be to replace the cumbersome and inequitable sales duty, which is applied at the point of manufacture or import.

How wrong they were. As more details of the new "turnover tax" emerge, it appears that the Minister has forged himself an entirely new and all-embracing instrument for relieving citizens of more of their cash: One bank has estimated that 65 percent of all commodities and services used in compiling the consumer price index are likely to be subject to the new tax. The reported inclusion of even basic foods, charity cake sales and shoe repairs in the tax net suggests that it may be drawn even more vaguely than that. Furthermore, it will not entirely replace the existing sales duty.

From the point of view of consumers, who are expected to be some R230 million a year worse off as a result of the tax, the main innovation seems to be that it enables the State to tax services as well as goods, either separately or as a package. In this it resembles the value-added tax (VAT) which caused a good deal of resentment and confusion when it crossed the Channel into Britain a few years ago.

Commerce does not like the tax because it will mean extra work and expense, including the probable replacement of more than half the country's cash registers. Nevertheless, South African retailers will have fewer difficulties with an expected single tax rate of between three and five percent than American shopkeepers do with three different rates of city, state and federal tax.

The difficulties should not be exaggerated, for governments will exact their pound of flesh in one way or another and the universal sales tax has been found to have certain advantages. It spreads the tax burden more evenly, broadens the tax base, and has built-in growth with the rise of consumer spending. It can also be used as an economic regulator.

But one must question whether the Government is sufficiently aware that the criteria that may apply in more or less uniformly affluent societies need to be tempered in countries such as South Africa where even a small increase in the price of basic foods and services can cause hardship for many.
TAX DOWNS TO EXPENSES

IT'S A DAMN SHAME EVERYBODY HAS TO SUFFER JUST FOR THE ROGUES.

By Alan Past

4/7/73 #38
Capital gains tax needed now — Silke

EAST LONDON — South Africa’s “fund” on taxation, Dr Aubrey Silke, feels it is time for the introduction of capital gains tax into the country’s fiscal policy.

Addressing a multi-racial seminar in Pietermaritzburg, he said freedom from tax on capital gains was a luxury South Africa could not afford.

“In these inflationary times, such a tax is justified. It gives more balance to the tax structure, it is equitable, and the revenue derived could be used to reduce the high marginal tax rates of individuals.”

This, in turn, he said, would lessen the present wide disparity between the maximum rate of individuals and that of companies.

“A capital gains tax will check, to some extent, the incentive there is for the taxpayer to convert income gains into capital gains.”

There was no reason why there should be the distinction between a man who has to pay tax on profits or gains from earnings, and a man who derived a fortuitous capital gain or windfall who, under present law, was completely free of tax.

Dr Silke also referred to the numerous anomalies, inequities and obscurities with which the present Income Tax Act was riddled.

Among other things he criticised the definition of gross income, particularly as it affected manufacturers; the hardship caused by no deduction being allowed against income of losses incurred on the repayment of foreign loans, caused by the depreciation of the rand against foreign currencies; and the tax-free fringe benefits allowed to civil servants on which members of the private sector must pay tax.

On this score he mentioned the wide range of housing benefits, including cash payments or subsidies for loans on a house, and on expenditure incurred wholly or partly on official duties.

“Employees in the private sector who receive similar allowances are taxed on whatever portion was spent not in the performance of duties.”

Only private companies were required to give the amount of “fringe benefits” received by directors and shareholders. On income tax forms there was no definition of “fringe benefits”, and no help was given for the ascertainment of their value.

— BUSINESS EDITOR
Capital gains tax a disincentive

From Mr Nigel Willis
(30 Arnold Street, Observer, Cape Times, September 6) in his protest against Professor Silke’s suggestions in favour of the pernicious idea of a capital gains tax.

There are some points which he did not cover.

Like most socialist conceptions, a capital gains tax initially sounds a thoroughly reasonable and equitable idea.

However, if people are to be taxed on their capital gains it is not also fair that they should be compensated for their capital losses? And if this occurs private enterprise can scarcely be said to exist.

So much is written about the injustice of capital gains but what about the tragedy of capital losses?

It should be borne in mind that every capital investment has the potential to be a loss and that as a rule, the greater the risk, the greater the potential loss or gain.

Apart from technological improvements and raised educational standards, one of the major determinants of growth in any economy is the availability of risk capital. It would seem that in South Africa today, people who are prepared to risk their money and hence, show confidence in the economy should be rewarded, not punished.

Like most socialist measures a capital gains tax is a short-term panacea for a greedy government without sufficient funds to meet its promises or pay for its grandiose plans.

A capital gains tax must of necessity act as a disincentive for risk-taking and hence retard capital formation which is essential for growth, and growth is essential to raise the living standards of the masses and to provide them with employment.

The greater our growth, the greater the revenue which will accrue to the government from personal taxes. This should be used to provide for welfare services.

Initially a government might propose a nominal and seemingly reasonable capital gains tax of 2 percent, for example. This must be resisted.

Not so long ago when sales taxes were introduced we were given a reduction in income-tax rates. Today we pay more income tax than ever before and the inflationary sales tax remains.

The proverbial nose of the camel must be firmly kicked out of the tent and one can only hope that respected academics like Professor Silke do not encourage a government already too fond of putting its grubby paws into everything from going farther.

play equipment for local creches and schools.

Examples:

- School needs
- Job opportunities
- Skills transfer
- Improved infrastructure
- Increased tax revenue
- Reduced social costs

The approach chosen would be broad-based and interventionary.

is validity uncertain in South Africa.
They are underpaid at R60,000 a year

EAST LONDON — Chief executives of South African companies receive basic salaries ranging between R40,000 and R80,000 a year, but fringe benefits are added, their total remuneration ranges between R200,000 and R260,000 a year.

These statistics are contained in an analysis by SMB Management Services of the remuneration of 1,875 executives, whose aggregate employment costs exceeds R57 million.

The analysis, which has just been published is entitled The Remuneration Fringe Benefits and Taxation of Top Executives in South Africa, 1977.

There were 395 participating organizations from which data was collected for the survey. The sample covered a broad cross-section of South African commerce and industry.

Mr Glossop, managing director of SMB Management Services, a subsidiary of Standard Merchant Bank, says this is the most comprehensive survey of its kind published in South Africa. In his opinion, for the responsibility they carry, South Africa's top executives are underpaid by the standards of many countries abroad.

One of the trends highlighted by the survey is that today's chief executive of these companies are younger than their predecessors of ten years ago. The average age of chief executives of these companies is the very early 30s, while in the smaller companies they tend to be in their mid-thirties.

Another trend, according to Mr Glossop, is that it has become accepted practice in South Africa to provide motor vehicles to executives earning more than R100,000 a year.

The survey also demonstrates that executives in the bigger companies tend to retire earlier than their counterparts in the smaller firms.

One of the major problems companies face is providing adequate pensions to avoid erosion of benefits as a result of inflation. Illustrating this problem is the example of an executive who retired at 60. At 65 his pension is worth only 62 per cent of its value five years earlier, assuming an annual inflation rate of ten per cent.

The publication provides details of the various pension formulae adopted by organizations in South Africa.

Another dramatic problem highlighted in the report is that of tax. For the tax year ending February 29, 1972, a starting point, the tax burden of two executives is detailed.

The first executive, who started on a lower salary, is likely to have a real income in 1977-78 worth only 90 per cent of his 1972 earnings.

The second executive, earning considerably more in 1972, fared worse because his true income is only 88 per cent of that earned six years earlier. The report points out that it is economically impossible to grant the enormous pre-tax salary increases which would be necessary to give meaningful after-tax increases.

As a result, more and more companies are seeking legal ways of remunerating executives in a manner which maximizes tax-paid income.

Of course, there are those who will say they would not mind a drop in real income of 14 per cent over a period of six years if their income were such that of the highly-paid chief executive.

That is not the point. Chief executives carry a heavy burden of responsibility which, all too frequently, lead them to an early grave through heart problems.

There is also a certain amount of job risk involved. For many it is a question of "produce good, immediate results or get out." This could well mean a high income one month and nothing the next. And who wants to employ a loser? It is a true saying: "Work hard for eight hours a day and eventually you could become the boss ... and work a darned sight harder for 24 hours a day."

Let the chief executives show their high-pre-tax salary advantages which would be necessary to give meaningful after-tax increases.

Business Editor
Businessman to fight claim

Giant tax battle for 'envoy'

Tribune Correspondent

AN unofficial roving ambassador for Transkei, Dr Richard Blom, who is now in South America, has lodged an objection against a R86 000 claim for back taxes.

Dr Blom, who left South Africa for Chile on September 14, also faces back tax claims from Transkei's Receiver of Revenue for personal and business interests.

In East London last week a R800 000 writ was issued by the Receiver of Revenue against Dr Blom's company, Transkei Shipping (Pty) Limited. A second writ of R58 694 was issued against Dr Blom himself.

Although an Australian national, Dr Blom, who helped bring out an advisory delegation to Transkei at the beginning of the year, also carries a Transkei diplomatic passport.

Transkei's Department of Inland Revenue is claiming R261 200, in back taxes from Transkei Shipping (Pty) Limited.

And in the Umata Supreme Court an urgent application was made for an attachment order for a bulldozer and a crawler leased by Dr Blom and for R55 419 in respect of arrear instalment payments and repair costs.

The amounts specified in the claim by both East London and Transkei receivers are estimates, as Dr Blom has not submitted income tax returns.

According to an affidavit supporting the Supreme Court application in Umata, Dr Blom left South Africa on a deportation order.

But Inland Revenue officials said they had not heard of any deportation order and Dr Blom's attorney, Mr R. Kington, of Durban, denied his client had left because of a deportation order.

Dr Blom's wife, Mrs Selena Blom, who is still in East London, said she expected her husband to return to South Africa.

Mr Kington received a telex message from Dr Bloom from Quito, Ecuador, instructing him to lodge an objection with the Receiver of Revenue and Dr Blom said he would return to South Africa to take up the matter.

The reason for Dr Blom's presence in Chile was to organise a Chinese delegation to visit Transkei. He left South Africa with Transkei's chief-of-staff, Mr Liston Nhlangwana.

Transkei's Foreign Minister Mr Dipsie Koyana said this week Dr Blom had been of great help in establishing contacts for Transkei in South America.

He confirmed that Dr Blom is an unofficial roving ambassador for Transkei...
Tax on city drivers would 'help trade'
Petrol tax call slated

Pretoria Bureau.

Calling on motorists to pay higher petrol taxes to finance energy research, the director of the co-ordinating Consumer Council said yesterday.

Mr. Johan Verheem levelled this attack at Mr. A. Hough, managing director of Total Oil, who recently made the suggestion that an extra energy research tax be slapped on to the pump price of petrol.

Motorists already made a direct tax contribution of 10,6c on a litre of petrol costing 28,6c towards the development of energy sources and other levies.

"This is quite apart from indirect payments," added Mr. Verheem. "I would like to know what Total's contribution is in this regard."

Oil companies should plough more capital and profit into research.

Mr. Verheem rejected Mr. Hough's comparison of overseas and South African petrol tax as "meaningless."

The average South African, he said, had to work 12 minutes 24 seconds to buy a litre of petrol. The average European Economic Community worker had to work only six minutes 39 seconds.

NEW HOSTELS: fruit and vegetables.

For the individual hostels, between self catering there are rented.

The men sometimes remedy the shortage by stealing, the men sometimes remedy the shortage by stealing.

Homes of the rooms. The men sometimes remedy the shortage by stealing.

Mr. Verheem rejected Mr. Hough's comparison of overseas and South African petrol tax as "meaningless."

The average South African, he said, had to work 12 minutes 24 seconds to buy a litre of petrol. The average European Economic Community worker had to work only six minutes 39 seconds.

In such a way that the tap off shower water will flow down the urinal there is a urinal and over the urinal is a cold water shower, placed in each unit there is one lavatory bowl. It has no seat. In addition kitchen, but it more often amassed to remain bare.

In the kitchen there is an aluminium sink with a cold water tap only. There
Income tax incentives for export service industries

By TONY KOENDERMAN

THERE IS both good news and bad news for exporters in newly gazetted changes to the special tax allowances contained in the Income Tax Act.

First, the good. Export service industries are now specifically mentioned, and may claim the special allowance for expenditure on export market research, preparation of tenders and quotations, or commission to foreign agents.

Expenditure incurred or controlled by the Canned Fruit Export Board for the export of farming produce is recognised as export marketing expenditure, but the Wool Board is now excluded.

On the negative side, all precious metals (not only gold and silver bullion as before) are excluded from the definition of goods where 'export marketing expenditure' qualifies.

Two other expenditure items have been deleted from the qualifying list. They are the proportion of expenditure on salaries and other costs incurred in a joint domestic and export marketing operation; and additional costs incurred in special packaging for export.

A Durban firm, Rudnev, has suffered to the tune of R12 000 on a R300 000 export contract to Mauritius as a result of the withdrawal of the packaging concession.

The contract, for the supply of a large prefabricated coal store, was awarded after negotiations which started in March. The extremely tight price was based on the assumption that the concession would still apply.

However, the SA Foreign Trade Organisation says that where the amendments vitally affect an exporter's ability to continue exporting, submissions should be made to the Special Working Committee on Export Incentives, headed by the Minister of Finance.
Tax warning to moonlighters

EAST LONDON — Part-time or spare-time workers watch out for the tax man. Writing in the latest issue of Businessman’s Law, Mr. Costa Divaris warns of the serious consequences which can face "moonlighters" who fail to pay tax on their earnings.

If these "moonlighters" consistently fail to pay the taxes due by them, the ultimate result may well be that the law applying to those who are more easily ensnared in the tax net is made more severe.

But even the "moonlighter" is caught in the net — perhaps in his or her regular job, where Paye deductions are made — and if the tightening of the net takes the form of an increase in the normal rates of tax, even he or she will, ultimately, be prejudiced by the original evasion.

But there are even more persuasive reasons for moonlighters to mend their ways. The penalties for evasion of tax are extremely unpleasant, and can mean a fine of up to £1,000 and/or imprisonment for up to two years.

In addition, the "moonlighter" may fall prey to the payment of treble taxes on the omitted income, and risks remaining under a cloud of suspicion for the rest of his or her tax-paying days.

How is the "moonlighter" caught? The revenue authorities use a system of cross-checking which occasionally provides evidence of income paid by someone, but not returned by its recipient. Evaders of tax are also easy victims of the anonymous letter sent to the authorities.

Moreover, any evidence of an unexplained increase in their financial well-being can mean a speedy run if it is noticed by the authorities.

The greatest danger of discovery lies in a different quarter for the "moonlighter" has to persuade his or her employer not to deduct Paye. A reckless employer who falls foul of the Paye provisions becomes liable to onerous penalties and has an even greater chance of discovery than his "moonlighting" employee, for he may also have to contend with his (or her) auditors.

Despite these unhappy consequences, tax evasion by "moonlighters" appears to continue, and Mr. Divaris concludes it is time the authorities did more to frustrate their plans.

More comprehensive and frequent checks should be made of employees likely to employ "moonlighters."

En discours indirect

— BUSINESS EDITOR

Points et les guillemets sont.

L’interrogation est remplacée par un déclaratif + de +atif and a special series of questions in the annual tax returns sent to employers might help.

So, "moonlighters", you have been warned. The above is not a dissertation on how to evade paying tax on your extra earnings. It is purely a warning... don’t try to dodge it.

— BUSINESS EDITOR
Rates take a jump at Amanzimtoti

AMANZIMTOTI Town Council has announced a stringent budget for the coming financial year, increasing rates at an average of 6 percent.

The town treasurer, Mr. A. McDonald said yesterday that the council had pruned the original estimates cutting capital expenditure to the bone at R331 000.

Rates on land have increased from 1,875 cents in the rand to 2½, while rates on buildings have remained at 0.25 cents in the rand.

Percentage increases average from 4.6 percent on residential sites, 5 to 6 percent on industrial sites and 3.1 percent on blocks of flats.

Councill would reduce personnel expenditure.

"We will not retrench but no vacant posts will be filled," Mr. McDonald said.

Property in Amanzimtoti was re-valued on a three-yearly cycle as the area was divided into three sections.

Invoicing valuation on property in the southern section the area re-valued this year — varied between 30 and 40 percent, Mr. McDonald said.

Capital works under construction would be completed.
New consumer tax to hurt at year's end

Pretoria Bureau

The Government is racing ahead with preparations to impose a consumer sales tax on nearly every item purchased next year.

A bitter sweet pill

A 25 percent sugar increase will bounce back at consumers on a wide range of foodstuffs including sweets and soft drinks before Christmas.

Most manufacturers were today still calculating the actual effect of the increased price on their commodities. But all were agreed that increased prices would start hitting the consumer soon. All also expressed the fear of increased consumer resistance.

Dr J.A. Mouton, general manager of Langeberg Co-operative, said: coupled with last year's 45.6 percent sugar increase, jam was becoming a consumer luxury.

He said the latest sugar increase would probably add an extra two to three percent more on the selling price of jams and canned goods.

"The deciduous fruits which will soon be coming into production will be first affected. The rest will be affected as they come into season."

The manufacturers of sweets, chocolates and soft drinks said the cost effect would be felt soon by the consumer. They were still working out how much it would be.

The same applied to manufacturers of condensed milk, canned peel, baby foods and other sugar-packed commodities.

The exact percentage of the tax will be determined according to budgetary needs and other factors, but consumers could find themselves adding five percent to their purchases after March next year.

Those developments follow an announcement by Senator Horwood, Minister of Finance, during his budget speech this year, that the Government had accepted in principle the imposition of a universal sales tax at the point of sale.

This means the tax will be charged by retailers and paid for by consumers.

The idea is to include as many goods and services as possible so that the percentage could be kept down. At an Aso- coom conference earlier this year it was said that the proposed rate was three percent.

But this has been discounted in informed circles as too low because it would reap insufficient funds. And if a mandatory arms embargo is adopted against South Africa by the United Nations, the defence bill could well increase substantially as the Government finds itself having to pay more for its military hardware through the backdoor.

During the coming parliamentary session legislation would have to be passed to enact the tax.

The collection procedure would probably entail an amendment to the Income Tax Act and the percentage could be set by the Minister of Finance as part of the overall 1975 Budget.

The proposed legislation has already run into opposition from Assoom, one of the organisations on whose members a lot of the implementation will fall.
The great Kei tax fiddlers

By NIC VAN OUDTSHOORN

SOUTH Africans in the supertax bracket are boosting their income by thousands of rands a year by sending their surplus cash to banks in Transkei.

There it earns the same rate of interest as in South Africa. But, as non-residents, they pay only a flat 10 per cent in tax.

To give an example: A South African business man paying 50 per cent income tax puts R100 000 on fixed deposit with a Transkei bank.

It would pay him around 10 per cent interest — R10 000 a year.

If the money was still in South Africa, R5 000 of that would go to the taxman. Instead he pays only R1 000 in Transkei tax — a saving of R4 000.

This tax stays in the Transkei. None of it finds its way back to the South African Treasury.

Because there is a limited demand for capital in Transkei, the deposits — believed to run into millions of rands — are invested mainly in the South African money market, where they earn high rates of interest.

There are fears that people paying lower rates of tax may decide it is worth their while to take advantage of the loophole — especially with the prospect of an all-round increase in taxes next year to help pay for greater defence spending.

Bankers told me Transkei is an ideal haven for South Africans flush with money. They can withdraw their deposits and interests at any time under the monetary agreement between the two countries.

Transkei's Commissioner of Inland Revenue, Mr M. W. Pretorius, said this week he was well aware of what was happening.

Happy

"Transkei is not unhappy, because we are receiving taxes which otherwise we would not have," Mr Pretorius said. The whole thing was completely within the law. The South African Government could take action against the investors if it could prove that they were investing in Transkei in an obvious move to evade tax. That proof was not always easy to establish.

A South African tax official said it was not only the tax authorities who have cause for complaint. So has the average South African taxpayer.

He has to make good the missing revenue.
Helped the Taxi Fleet

Taxi Levies: What You'll Get Back

Families with three children: £5.00
Families with two children: £4.00
Families with one child: £3.00
Singles: £2.00
Families with no children: £1.00

Express Reporter

Wreckage litters the track after the trains had collided.
R122-m tax loan payout

 Pretoria Bureau

A huge R122-m loan levy payout will be made early next month by the Receiver of Revenue.

A spokesman for the Receiver's office said today the date of the payout had still to be determined by the Minister of Finance but it was likely to be early next month.

He said the sum was that levied in 1971 at a 3 percent interest rate.

R35-m will go to individuals and R87-m to companies.

"Each will, in effect, receive 33 percent interest on the original levy," the spokesman said.
Govt out to avoid double sales tax

The Secretary for Inland Revenue, Mr W J H van der Walt, revealed today that his department is looking into three ways of introducing the new points of sale tax.

He said the Government was seeking to implement the new tax "without double-taxing" the public on goods now subject to the old form of sales tax.

One way this could be done was by declaring a "tax holiday" — a period during which neither the old tax, imposed at the point of manufacture, nor the new tax, imposed at the point of sale, would be levied.

This would prevent consumers being hit by sales tax at both ends when buying items in the pipeline.

BALANCE

Mr van der Walt said another possibility was the gradual phasing out of the old tax while phasing in the new, so that a balance between the two was kept.

A third method being considered was to hold an inventory of goods on their way to consumers and not levying the new tax on them.

The "point of sale" tax will be an "across-the-board," low rate tax affecting a far wider range of goods than has previously been affected by sales tax. It has been speculated that the rate will be from three to five per cent.
Income tax

23. Mr. N. B. WOOD asked the Minister of Finance:

(a) How many (i) Whites, (ii) Coloureds and (iii) Asians were eligible for income tax in each province, and (b) what amount was collected from each group, during the latest year for which figures are available?

The MINISTER OF FINANCE:

The following figures relate to persons assessed for normal income tax in respect of the 1976 tax year. Not all assessments for that year have been issued.

<table>
<thead>
<tr>
<th>Province</th>
<th>(a) Number of Taxpayers Liable for Normal Income Tax</th>
<th>(b) Amount Assessed</th>
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<tr>
<td>CAPE PROVINCE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Whites</td>
<td>425 185</td>
<td>281 021</td>
</tr>
<tr>
<td>(ii) Coloureds</td>
<td>168 792</td>
<td>16 658</td>
</tr>
<tr>
<td>(iii) Asians</td>
<td>12 857</td>
<td>2 610</td>
</tr>
<tr>
<td>NATAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Whites</td>
<td>155 187</td>
<td>117 606</td>
</tr>
<tr>
<td>(ii) Coloureds</td>
<td>9 983</td>
<td>1 410</td>
</tr>
<tr>
<td>(iii) Asians</td>
<td>69 503</td>
<td>10 613</td>
</tr>
<tr>
<td>O.F.S.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Whites</td>
<td>99 601</td>
<td>73 243</td>
</tr>
<tr>
<td>(ii) Coloureds</td>
<td>1 914</td>
<td>125</td>
</tr>
<tr>
<td>(iii) Asians</td>
<td>2</td>
<td>—</td>
</tr>
</tbody>
</table>

| TRANSVAAL                  |                                                        |                     |
| (i) Whites     | 763 712                                               | 723 739             |
| (ii) Coloureds | 23 921                                                | 3 132               |
| (iii) Asians   | 22 056                                                | 8 151               |

February 1978
Name (first name)  
Farm number  

1. How did you get your taxed profits up 15%? 

2. Have you ever thought of working in a city?  
If yes, why?  

3. What sort of work would you rather do — either on a farm or some other work? 

4. What jobs would your children do? 

5. If worker has not been to school: Why didn’t you go to school? 

If worker began but did not complete schooling: Why didn’t you finish your schooling? 

Problems 

1. What would you most like to see changed in your working conditions? (wage, payment in kind, hours, holidays) 

In your living conditions? (housing, recreational facilities)
R22m excess on beer, tobacco tax

CAPE TOWN — Those little pleasures in life — a glass of beer and a puff of tobacco — cost the taxpayer R22.6 million more than the Government thought it would in the last financial year.

And yesterday, the chief opposition spokesman on finance, Mr Harry Schwarz, said he hoped the Government would give a little of this back in the next Budget, due on March 29.

According to the Auditor-General’s report for the year ending March 31, 1977, the Government got R6.9 million more in excise duty on beer than the R138.7 million it estimated it would.

The Auditor-General’s report says: “Excess is due to the fact that consumption was higher than anticipated and the increase in duty in 1970 was underestimated.”

Other cases where the Government got more than anticipated were cigarettes and cigarette tobacco, R5.3 million; pipe tobacco and cigars, R4.8 million; spirits, R3.4 million; mineral water, R1.5 million; wine, R4 million. — PC.
Black tax law to be enforced

EAST LONDON — Thousands of East Londoners are unwittingly contravening the Bantu Taxation Act and could face a fine of R400 or imprisonment for six months, or both.

This was disclosed by a spokesman at the Bantu Affairs Commissioner’s office here yesterday, who explained that while most firms knew they had to pay tax for their black employees and did so, many householders were unaware they had to pay tax for domestic servants who earned in excess of R30 a month.

An inspector from the Department of Bantu Administration and Development is expected to make his rounds in East London soon, following the distribution of a circular about the paying of tax for blacks which was sent out with light and water accounts this month.

The tax was not to be confused with registration of blacks with the Eastern Cape Bantu Affairs Board in terms of the labour regulations. This was something completely different. The tax was the equivalent of the PAYE paid by employers of whites.

If an employee earns more than R30 a month, R8.51 a week, R184 per day in a five day week, or R1,53 per day in a six day week, his or her employer is liable to pay tax.

Tax of 10 cents a month is payable on a monthly wage of R30.61 to R40 and thereafter increases on a sliding scale. It is not necessary to pay the tax monthly however, and it can be paid yearly in arrear by agreement with the Bantu Affairs Commissioner’s office.

The spokesman drew attention to the fact that those employers who employed a char for a few days a week were not exempt from paying the tax even if they did not themselves pay the char the taxable minimum.

It was the responsibility of the holder of the char’s pink, labour registration card to find out the total amount she earned in a month or a week and arrange with the other employers to see to it the tax was paid. — DDR.
THE TAX MAN
Mercury Correspondent

PRETORIA — South African taxpayers, including companies, face the threat of higher taxation in the 1978-79 Budget, the PFU's financial spokesman, Mr. Harry Schwarz, MP, said yesterday.

State revenue, he said, because of the persistent recession, reduced company profits and unemployed taxpayers, could be down by as much as six or seven percent for the current financial year when accounts were finalised.

"When you take into account the Minister of Finance may need 10 or 12 percent more than he demanded last year, then there is a huge shortfall which would have to be made up in one of three ways, or by a combination of them."

These were:

- Bigger borrowings on the local capital market;
- Higher indirect taxation;
- Higher corporate and individual taxation.

Mr. Schwarz said the universal at-point-of-sale tax would not be introduced until August, at the earliest or four months after the start of the new financial year.
Amendment of Bantu tax structure X

15. Mrs. H. SUZMAN asked the Minister of Bantu Administration and Development:

Whether he intends to introduce legislation during the present session of Parliament to amend the present Bantu tax structure.

The MINISTER OF BANTU ADMINISTRATION AND DEVELOPMENT (Dr. W. L. Vorster):

No.

5. Enkele ongewenste arbeid sal ontwikkel, byvoorbeeld oor die volgende 5 jaar? Indien wel, hoe gaan u hierdie tekort teenwerk?

5. Bestaan daar werkloosheid onder afhanklikes van werkers op u plaat (d.w.s. is daar mense wat graag wil werk maar wat geen werk kan kry nie)? Indien wel, watter soort werkloosheid?

6. Hoeveel van hulle sal op u plaat kan werk, as hulle wil, wanneer hulle ouer is?

Skool
1. As 'n werker op u plaat kom werk soek, vra u hoe ver hy op skool gevorder het, of nie?

2. Merk u enige verskille in bekwaamheid op tussen werkers wat skoolgegaan het en die wat nie skoolgegaan het nie?

3. Gee u liever werk aan 'n werker wat 'n paar jare skoolgegaan het, of nie? Hoekom?
Schwarz calls for tax holiday

The Argus Political Staff

SOUTH AFRICA should have a short tax holiday to restore business confidence as the country changes over from sales duties to the proposed turnover tax system, the official Opposition's chief finance spokesman, Mr Harry Schwarz, said today.

He made this suggestion in an interview urging the Minister of Finance, Senator O P F Horwood, to explain to the public without delay how the proposed turnover tax - or 'point-of-sale' tax - is to be applied and when it will be introduced.

Retail turnover tax was likely to affect business turnover running to R250 million, if not more, depending on how wide the Minister decided to apply it. This meant that commerce and the consumer public were vitally affected by the proposed change and needed to know details of the plan as soon as possible.

A tax holiday in these circumstances and in the present state of the economy would give an important psychological boost both to business and the consumer public.

Such a holiday was desirable, Mr Schwarz said, but he did not favour a tax holiday being applied for too long a period. 'As a responsible financial spokesman I would say the period has to be relatively short,' he said.

RELIEF NEEDED

'With the kind of economic situation we now have - where something is needed to give South Africa a shot in the arm - a tax holiday is one means of doing it,' he added.

Mr Schwarz pointed out that the introduction of turnover tax could add between R700 million and R100 million to the country's purchasing bill. This could have a major inflationary impact unless relief was granted. 
SALES TAX (220)

The first legislative step towards the new sales tax was taken this week. In Parliament, Finance Minister Horwood published the Registration of Vendors Bill. It demonstrates the huge amount of work that will have to be done by Mickey van der Walt's Department of Inland Revenue. It also confirms (Current affairs, February 10) that government intends the net of the new sales tax to be very wide, bringing in virtually all movable goods (including food) and quite a few services.

If a person (or company) is carrying on a defined enterprise he has to fill in a form about "every enterprise carried on by him."

Defined enterprises include: selling or letting of goods; rendering of services for remuneration; auctioneering for remuneration; renting of board and lodging; manufacturing; farming and forestry; fishing; and mining and quarrying.

Inter alia, the forms require each enterprise to define its nature and also state its turnover and expected turnover

While the definition of what constitutes "goods" is wide (being "any corporeal movable goods"), "services" are tightly defined (see footnote). Notable absentee are professional services performed by doctors, dentists, accountants and architects. These will be excluded from the tax.

Forms have to be in by March 31 "or within such further period as the Secretary may allow." It seems almost certain that there will have to be extensions: the Department of Inland Revenue can hardly be expected to cope with the massive influx of forms (anticipated to be about 180 000) that are bound to pour in as soon as the bill becomes law.

Once the declarations have been received, a register will be drawn up. It might not include all who have sent in declarations.

Certificates will eventually be issued to all those listed on the department's register. But these will probably only be sent out after the main turnover tax bill has passed through Parliament and become law.

This will not be until mid-year. However, a draft bill will be published in the Government Gazette in early March to allow interested parties to make comments. The final draft will probably become law at the end of the current parliamentary session.

In the context of the bill, "services" means:

- Delivery, installation, repair, maintenance or the rendering of other services in respect of goods that are sold or let.
- Repairs, maintenance, alteration or embellishment of goods of any description (including work done by shoe-repairs, shoemakers, watchmakers, jewelers, panel-beaters, and tyre reholders; repairs of motor vehicles, photographic equipment and domestic appliances; and work done in respect of machinery both movable and immovable).
- Services rendered by any dressmaker, tailor, milliner, barber, hairdresser, dry-cleaner, dyer, launderer, dental mechanic, optometrist, optician, pharmacist, blacksmith, locksmith, painter, engraver, photographer, processor of photographic material or picture-frame; providers of duplicating services and blueprint services; annlers, leather processors, taxidermists, owners of motor vehicles; providers of fumigation or pest-control or animal care services (other than veterinary services).
- Services provided as aids to health, strength or beauty (including lecturing, advice, massages and other treatments and the provision of sauna baths, allaying devices and gymnastics facilities but excluding professional services provided by a dental practitioner, dentist, nurse or physiotherapist).
SA NOW HIGH IN TAXATION LEAGUE

SOUTH AFRICANS are no longer among the lowest-taxed people in the West, a survey conducted by overseas correspondents of The Argus shows. South African tax rates are now substantially higher than those in Canada and Australia, two countries with which South Africa is often compared.

In fact, South Africans, are among the more highly taxed people — which probably reflects the steep increase in recent years in government expenditure on defence and on improving social services.

Inter-country comparisons of personal incomes, expenditures and tax rates must always be treated with caution.

The official foreign exchange rates which are normally used to convert financial details from one currency to another quite often fluctuate sharply, as events in the foreign exchange markets in the past few days have shown. Moreover, they are very rarely an accurate guide to the different domestic buying power of each currency.

As The Argus’s Brussels correspondent points out, goods which cost R60 in South Africa would cost R100 in Belgium.

Therefore the figures for tax payments should be seen as an indication rather than a precise measurement of the difference in tax levels in different countries.

With this qualification in mind, it can be seen from the accompanying table that Britons are still about the highest taxed people in the world.

The table, which gives the basic tax rates without special deductions, shows that Britons in the lower income groups appear to be paying about double the tax paid by South Africans.

However, this high tax burden is partly explained by family allowances. And though deductions for taxation in Britain are similar to those in South Africa, there is one important difference.

This is that mortgage interest on loans of up to R25 000 (R7 000) on the family home is deductible from taxable income.

By making full use of this concession it seems possible that a Briton might not have to pay any more income tax than a South African.

Working wife
Another important difference in Britain from the position in South Africa is that a working wife can elect to be taxed separately from her husband.

Where a husband and wife’s combined income totals £11 000 (R15 000) (R18 700) it pays them to be treated as separate persons for tax purposes, writes the financial correspondent of The Argus in London.

The husband, of course, retains the benefit of the children’s allowances.

Working wives can also choose to be treated separately for income tax in Canada and Australia. In Canada, if she earns above the equivalent of R10 000, she is forced to file a separate tax certificate, says The Argus correspondent in Ottawa.

Low rates
The low tax rates in Australia, which are substantially lower than those in South Africa, are the result of a new system that was introduced on February 1, writes the Brisbane correspondent of The Argus.

The new, standard rate not only reduced total tax, but also had the effect of reducing the amount of tax people must pay even on extra earnings, such as overtime payments.

The new system means no tax on incomes up to R13 500; a standard rate of 32 percent on all incomes over R2 000 and a surcharge of 74 percent on incomes between R16 000 and R2 000.

The Argus...
Plural means triple

Tax rands that is, to pay R6 million constitutional bill

Tribune Reporter

SOUTH AFRICANS are going to have to cough up at least R6 million a year in taxes to pay for the planned three-tier constitutional system—and that is just the tip of the iceberg.

Most of it will go on the salaries and allowances that will have to be paid to hundreds of members of Parliament.

Mr Brian Bamford, Progressive Federal Party MP, warned this week that the Prime Minister’s promise of equal pay for equal status in the three parliaments could have tremendous ramifications.

“Boosting the rising cost of apartheid will be millions of rands paid out yearly to civil servants to ensure the smooth, safe running of three fully hedged Houses.

Other major costs, if there is to be equality between the three parliaments, could include three full libraries, pension funds and medical aid schemes.

Senator Bamford said Parliament will have to be reproduced two extra times at tremendous cost to provide Houses for the coloured and Asian members.

If the present coloured Representative Council building at Bellville is used as one Parliament it will have to undergo tremendous expansion.

Senator Bamford questioned whether the prestige parliamentary club Fernwood at Newlands would have to be triplicated at tremendous cost, or whether it would become a mixed venue for members from all three parliaments.

The present estimated salary and allowance cost of R6 million to members of Parliament and Cabinet ministers is more than R1 million higher than it was when the constitutional plan was first announced.

Since then MPs and ministers have been granted two pay rises—one of 10 percent last year and one of 12 percent this year.

Under the new constitutional system there will be 264 members of Parliament—185 white, 92 coloured, and 46 Asian. Assuming there will be parity in salaries each MP will be paid almost R17,000 in salaries and allowances, a total of almost R5 million.

Their other R1 million will be paid to the Cabinet ministers, prime ministers and the President.

Cabinet Ministers now earn more than R23,000 a year.
Outcry over tax move on share dealings

By GORDON KLING

A MAJOR change in income tax regulations has caused an outcry among stockbrokers, who say they could be forced out of business, though the authorities maintain there has been no change in basic policy.

In terms of the new directive included in tax forms, cash-out transactions by taxpayers this year will have to give full details of all their share transactions, it will be necessary to state where the shares were bought and sold, supply prices, reasons for the transactions, and why profits should not be taxed.

The secretary for Inland Revenue, Mr W. J. H. van der Walt, yesterday told the Cape Times that the steps had been taken only to improve the flow of information to the Receiver.

He emphasized that there had been no change in tax policy; "It's a practical and efficient way of administering the tax.
Border firms asked to register for tax

EAST LONDON — About 9,000 businesses, organisations and individuals involved in commerce in and around East London will be expected to register with the Receiver of Revenue here before the end of the month in terms of the Sales Tax (Registration of Vendors) Act presently before parliament.

Registration forms for some 7,000 people were sent out by the Receiver yesterday to those who, according to the present tax register, will probably have to register.

But the Receiver of Revenue here, Mr J. Euvrard, stressed not all those who received the forms would necessarily fall into the categories of people who had to register, while many, especially farmers, who did not receive the forms, would be required to do so and would, in fact, benefit immensely by doing so.

The tax, the amount of which has not been fixed yet, will be payable on all movable goods sold as well as services supplied. Mr Euvrard outlined the rough categories into which people would fall for registration.

“All persons who sell or let goods to the public, both wholesalers and retailers.” (This would include such businesses as car hire firms, firms which hire equipment etc.)

“Certain services linked to the installation or supply of goods, or where the supply of goods is coupled with delivery charges.” (This would include such items as the purchase and installation of a television aerial. The customer would have to pay tax on both.)

“People who render services to the public with the exception of certain professional services.” (Plumbers, carpenters and electricians would all have to register as they would have to charge tax to their clients, while doctors, nurses and others’ professional services would be exempt.)

“People who supply board and lodging for more than five persons or persons who let accommodation systematically to others.” (This would include all hotels and boarding houses as well as caravan parks and other holiday establishments.)

“Manufacturers.” (They must register or they will not be able to obtain components or ingredients for their manufactured goods tax-free).

“Farmers.” (They must register in order to be able to buy feeds, livestock, bulk fuel and other commodities tax free. This registration will only be for farmers who are actually registered as farmers for income tax purposes.)

“Fishing, mining or quarrying concerns.” (For example a commercial fisherman would only be able to buy bait without paying sales tax if he was registered.)

“Our job is to help the public with this registration. The registration forms are available at our district offices as well as at our central office in East London. They should all be returned to us here at the central office,” said Mr Euvrard.

Another problem facing the Receiver of Revenue Department is that blacks will have to register.

“There will be many blacks falling into these categories and they will also have to register. Unfortunately we have been unable to send out forms to them as they aren’t on the present income tax register,” he said.

Meanwhile the secretary for inland revenue in Cape Town, Mr W. van der Walt, said the new tax could be expected to add to the cost of living.

But he told a meeting of the Cape Institute of Industrialists that the increase would not be as great as people feared.

In terms of the Bill, registration certificates containing a secret code will be issued to retailers. This will allow them to make tax free purchases to avoid double taxation.

The chairman of the East London Chamber of Commerce, Mr Tom Peters, said: “It is basically not a bad idea, as it brings in contributions to the state from every member of the population, and while it may be rather hard on lower income groups, commerce feels sure a contribution can rightfully be expected from every wage earner.”

It was not an unfair way of collecting taxes, though it could be burdensome on the shopkeeper or those who provided services.

“The method of collection of taxes in which the population themselves are the means of collection instead of an enormous government department being formed to collect the tax may be a saving in the long run,” he said.

DDR.
Investors fear new Taxman’s probe

By TONY HUDSON

THE TAXMAN’S demand for disclosure of details of taxpayers’ deals on the Johannesburg Stock Exchange has led to a widespread concern in investment circles and a call for a proper capital gains tax.

The newly issued buff forms now demand that investors state what shares they bought and sold during the year, at what price and what profit.

And despite Inland Revenue Department’s assurance that the details are required to improve the flow of information to the receiver, investors fear it is the precursor to a clampdown on share dealing profits.

Says Mutual Fund Association chairman Randall Carter: “I would like to see a capital gains tax introduced so that when an investment decision is taken it does not have to take into account an unknown quantity of tax. Right now, the investor may or may not be taxed on his share dealing.

“So let’s have a straight capital gains tax which, judging by world figures, could be in the region of 25 to 30 percent, which is under half our highest marginal tax rate.

“The present random system of taxation on share dealing at present is inequitable.

Inhibiting

Says UAL general manager Alistair Colquhoun: “Guys are getting themselves into such knots to avoid classification as share dealers and creating trusts and inter holding companies that they are distorting the entire structure of the investment market and inhibiting the normal flow of buyers and sellers. All this is done because of the threat of the imposition of tax at marginal rates.

“If they impose a capital gains tax of, say, 25 percent, this is taken into consideration if a decision to take a profit is made. You have then got some dimension in the decision making process.

“But right now, you say how am I going to work it with the receiver if he queries me on this.

“We have been to the Secretary of Finance and said: ‘Will you lay down guidelines as to what will place either the individual or company or investment trust position in danger of being classified as a dealer? But he will not lay down guidelines. It is “ad honorem” at its worst.”

Colquhoun believes that the additional information required on the buff forms does not precede the introduction of a clampdown on dealing, but rather the preliminary move of getting the information on file before introducing a capital gains tax.

Colquhoun says the system would not be difficult to monitor, if the value of a holding was based on the average price paid for any given stock. The tax would be levied on the difference between the price obtained for a counter and the average price that that share stood in the portfolio.

Compensate

However, some investors have reservations about a capital gains tax. Said the general manager of a large institution: “We already paying very high marginal tax rates and if you lump a capital gains tax on share dealings, just what incentive does your executive have left?

“The only way to make it a workable tax would be to reduce the marginal tax rate enough to compensate to some extent for the bite that would be taken by the capital gains tax.”

A Johannesburg stockbroker said the advantages gained by a capital gains tax would only benefit a small number of very large investors and would hit the smaller individual who was in no danger of being taxed at present.

Root cause of the uncertainty at present is the volatility of the stock market. And, say stockbrokers, a fair amount of dealing was required to protect investors’ capital and to ensure a reasonable return.

And if an investor either withdrew capital or ploughed back dividends, he stood in danger of being classified as a dealer.
Horwood urged to cut taxes

THE ASSEMBLY — The Opposition has called on the Minister of Finance, Sen Horwood, to "show courage" and reduce personal income tax when he presents his budget at the end of the month.

Mr Harry Schwarz, chief spokesman on financial matters, said yesterday such a reduction was not only possible, but necessary in the current economic climate.

"It is essential that positive action be taken to restore confidence, not only of investors, but of consumers. Consumers must be encouraged to buy local products to allow unused capacity in our industries to be taken up," he explained.

This could be done by combining personal tax concessions with the removal of sales duty on articles produced locally by industries in need of stimulation.

"This will assist in meeting increasing unemployment," Mr Schwarz said. "With the availability of local loan capital and the Minister committed to retail turnover tax, personal tax concessions are both logical and possible."

— PC.
The taxman cometh

Make sure you do all your share deals with the right motives. And know what to say on your tax return

Now that you have to tell all about your share deals in the individual tax return (FM last week), it is time to start boning up on that prickly old tax topic — capital versus income.

In SA tax law, money that comes into the taxpayer's hands is either "income," i.e. payments for goods and services, interest, dividends, or it is "capital" such as fortuitous windfalls and profits from the sale of investments and other assets. Income is taxable, capital is not.

For example, if you buy a farm the produce sold will bring in "income". If you sell the farm itself at a profit that is "capital" and not taxable — unless the Receiver reckons you have begun to trade in farms, or that it was all a scheme to make a profit from the start.

This is why he now wants that extra information about share deals — so that he can decide who is merely disposing of his share "investments" and who is wheeling and dealing in shares. Share dealing profits are taxable at the individual's marginal rate of tax.

How will the Receiver decide? Is there a typical share dealer profile against which individuals are measured, or a rule of thumb which sifts true investors from speculators? Says a spokesman in the office of Secretary for Inland Revenue Mickey van der Walt: "In assessing share activities we are led by the courts." Obviously, then, it would be wise to find out what the courts have ruled. Particularly when answering question 7.8 (iv) — "reasons why the profit should not be subjected to tax."

Follow guidelines

There is a mass of case history on capital vs income, most of it concerned with land or share deals, out of which some specific guidelines have emerged.

The most important test which the courts apply is an investigation into the intention of the taxpayer. Only last month in the Appellate Division, Justice of Appeal Trollip, in deciding to tax a company on a land sale profit, put it this way: "... every decision by an owner to dispose of an asset held as a capital asset does involve a change of intention;"

Policing it

Will the new requirements about disclosing share deals be effective? Probably yes. Previously, whether you disclosed or not was a twilight subject which the Receiver did not pursue very vigorously.

Now the onus is on the taxpayer to disclose. Non-disclosure is illegal and can result in triple tax if it is discovered.

Can it be discovered? Section 74 of the Income Tax Act empowers the taxman to prise any pertinent information and documents out of anyone, under oath if necessary. A broker must furnish full list of share transactions if ordered to and may not plead privilege.

Only lawyers may plead privilege and then not when they act as the taxpayer’s bookkeeper, as is often the case on the platteland.

Nominee companies are no haven.

The Receiver has the muscle to bust disposal looks like sharing out the speculator’s loot. Better to plough profits, including dividends, back into the portfolio, or into something investment-orientated, such as building society shares.

You can always divide the loot later when the Receiver has forgotten about the disposal and the assessments have been closed more than three years.

Gearing is bad. The more of your own money you put in, the more you look like an investor.

Your reasons for disposal are vital. Sell off the worst shares in your portfolio and argue that they were an investment that went sour.

Selling an asset because it is showing a bad return is an acceptable reason for selling, but be prepared to prove that it is showing a bad return at the time of sale.

You can also sell because you are short of cash, or because a creditor is beating down your door.

Be prudent

Very important — the courts have
Why they must cut your tax...
MARCH 1978

410. Mr. H. H. SCHWARZ asked the
Minister of Plural Relations and Develop-
ment:

What was (a) the number of Black
taxpayers in each income category and (b)
the tax assessed in each income category
expressed as a percentage of total tax
assessed in the 1976-'77 tax year.

The MINISTER OF PLURAL RELA-
TIONS AND DEVELOPMENT:

(a) and (b) The statistics as requested are
not readily available as the Department
does not keep it in that form.
MULTI-MILLION TAX HEADACHE FOR RETAILERS

by DEREK TOMMEEY, Financial Editor

Details of the new point-of-sales tax — which will raise hundreds of millions of rand every year in extra revenue — will be contained in a Draft Bill to be published in a Government Gazette Extraordinary on Wednesday.

The new tax is expected to raise between R200-million and R250-million for every one percent levied.

Retailers are speculating that the tax could be anything between 2 percent and 4 percent of turnover.

The 35-page draft Bill, which will explain for the first time all the detailed working of the new tax system, will also call for comments from interested parties to be sent to the Department of Inland Revenue before April 17.

Publication of the draft Bill should throw some light on the Government's views on whether the new tax should be 'added-in' or 'added-on' to the price of the goods sold.

Difficult

Most retailers apparently prefer an add-on system where the tax is levied when the goods are paid for. This would enable the public to know what they are paying in tax and prevent allegations of overcharging by retailers.

It would also be simpler to administer.

Mr. Stewart Cohen, general manager of Grand Rand, said this week that an add-in tax would be extremely difficult to apply and control.

'It would mean that the prices of every item in every store would have to be changed to include the tax,' he said.

Problems

In our case, for example, we stock about 30,000 items. Assuming a conservative average of 25 units on an item, that would mean 750,000 items in over 14 stores. In other words, 10,5-million items would need re-marking.

It was inevitable that the enormous cost of re-marking would have to be passed on to the consumer. Therefore, to avoid an unnecessary rise in the cost of living, an add-on tax would be preferable.

An add-on tax was also the choice of Mr. J. Robb, a director of Woolworths. Adding-in a tax of two percent or four percent on an item strategically priced at say, R3.99, would create marketing problems he said.

An add-on tax would also create difficulties if the tax rate was changed. Mr. W. J. Bason, a director of Pep Stores, was also concerned with the strategic price problem which an add-in system would create.

What would you do with the tax on a 10c pair of panties or a 10c chocolate bar and similar low-priced items? he asked.

Cash registers

He believed it would be preferable in the long-run to have an add-on system, even if this entailed the installation of new electronic cash registers capable of adding on the tax automatically.

He said an add-in system would lead to his company having to change the price of between 18-million and 20-million items.

However, other retailers pointed out that an add-on system would also have its problems.

'How would a retailer add-on a two percent or four percent tax on a 10c chocolate bar and similar low-priced items?' one asked.

Because of problems such as this, several retailers selling low-priced items apparently prefer an add-in system.

Here the retailer would be taxed only on his overall turnover, and it would be his responsibility to allocate the tax as he thought fit, and not necessarily on a pro-rata basis,

W/C 12-11-65
(BUSARE) 18/3/1
Manufacturers bitten

Inland Revenue Secretary Mickey van
der Walt has released additional guide-
lines for manufacturers for purposes of
the new sales tax. Draft legislation was
due to be published in a special Government
Gazette as the FAT went to press.

Manufacturers must register as ven-
dors in order to obtain certificates both
enabling them to buy certain goods and
services tax-free and for the purpose of
paying over to the Receiver tax collected
on sales to end-consumers.

Tax-free goods and services include:
• raw materials, and other materials and
goods making up a physical ingredient or
permanent part of a manufactured
product;
• ingredients, catalysts and chemical
processing agents used directly in the
manufacturing process, as in the case of
electrolysis, for example;
• services used directly in the manufac-
turing process accompanied by the deli-
very of goods — for example, the chro-
nium plating of motor car bumpers by a
factory other than the one making them;
• containers and packing materials.

However, the following goods will be
subject to tax:
• capital assets employed in manufac-
turing, such as machinery, plant and
vehicles;
• consumeable items, like fuel, polish,
cleaning materials and lubricants;
• goods used for the maintenance of
factory premises and other capital assets,
such as tools and spares;
• goods used for the general administra-
tion of the business (office equipment,
stationery etc).

Sales by manufacturers to end-users
will be subject to tax. Where sales take
place on a regular basis, tax recovered
will have to be paid over monthly. In
cases of sporadic sales, the Receiver is
empowered to stretch pay-over intervals.

Goods for export and sales to regis-
tered undertakings exempted from the
tax in terms of their registration cer-
tificates will be tax-free. However, goods
withdrawn for own use will be deemed to
be sales and tax will be levied on produc-
tion cost. The sale of used factory machi-
ery by a manufacturer will also be sub-
ject to tax.

Imports will be treated like purchases,
• goods which can be bought tax-free
may also be imported tax-free.

Where a manufacturer renders a ser-
vice in addition to the sale of the product
he makes, tax will be recovered on the
total invoice price, i.e. on the cost of both
product and installation.

ander

(j) Totale mediese koste
(k) Pensioenbydrae deur boer (jaarliks)
(l) Versekeringsbydrae deur boer (jaarliks)
Roelofse hits at 'harassing' traders

Traders who "harass" and "rob" the poor under credit agreements should have their trading licences withdrawn, Mr Eugene Roelofse said today in Johannesburg.

Mr Roelofse, "ombudsman" for the South African Council of Churches, spoke at a meeting of the National Council of Women.

Mr Roelofse said that the harassment of debtors, such as telephone calls in the night, should be prohibited by law.

"I know of a case where one company bought uniforms similar to those of police but without the badges. They also bought a police van for an auction and used these to get their debtors to pay up," Mr Roelofse said.

There were even cases of businesses using rubber stamps of the same size and ink as those used by the clerk of the court on letters of demand.

"Those who deal in this manner should have their licences withdrawn and be removed from our free-enterprise system," Mr Roelofse said.

Turning to the matter of sales tax. Mr Roelofse said it would be an indefensible way of raising money for the Government if this tax was applied to bread and wheat, particularly for the average blacks who spent 60 percent of their income on food.

He was also afraid that the tax would increase the cost of living.
Public to miss full benefit of car-tax cut

OWN CORRESPONDENT

DURBAN — It is unlikely that the full five percent reduction in sales tax on new cars announced in the Budget will reach the public, Mr F N Lock, director of the National Association of Automobile Manufacturers of South Africa, said today.

However, people buying cars from this week on would definitely receive some benefit, he said, and the average reduction would probably be in the region of two to 2.5 percent.

The problem was that all vehicles already delivered from manufacturers to dealers, and not yet sold today, were still subject to five percent tax.

NO FAST DROP

Mr Lock said he had approached the Government and asked for a five percent reduction on all cars sold to the public after today, but that the request had been turned down.

Instead, they had allowed the dealers to average out the prices between those with the reduction and those which they already had in stock.

"If they hadn't allowed that," Mr Lock said, "no one would have wanted to buy the thousands of cars which had been taxed when they left the factory, but had not yet been sold."

"Now there will be no sudden drop in prices. In the next few weeks, all cars sold from tomorrow will be sold at a uniform cheaper price."
New deal is ‘a pump primer’

Deputy Financial Editor

YESTERDAY’S Budget will be generally welcomed as a positive response to the urgent call for a moderately expansionary and stimulatory policy, Mr. Gordon Stuart Reckling, president of the Durban Chamber of Commerce, said last night.

It was a “pump-priming” Budget, he said, and it would have a beneficial effect on business confidence.

He said there would be more money in the consumer’s pocket as a result of the reduction in personal income tax and more equitable taxation for Africans.

Some of this would be creamed off through the general sales tax “but at least in the process consumption could be stimulated.”

He welcomed the increase in pensions and food subsidies to offset the effect of the new tax on the lower income groups but expressed doubts that prices would be significantly reduced by reductions in the present sales duty.

The abolition of transfer duty on property up to a certain value would assist other measures to promote home ownership.

Mr. Reckling hoped that company tax reduction and the earlier refund of the loan levy would improve cash flows and stimulate investment in inventories and otherwise.

He was disappointed that the import surcharge had not been abolished but welcomed its reduction and the minister’s undertaking to phase it out over a period.

He said the “generally expansionary” nature of the Budget should help reduce unemployment — or at least prevent it getting any worse.

He was pleased to see that Government expenditure was being well contained and that the significant increases were in housing, education and export promotion.

He welcomed particularly the minister's expression of intent that a policy decision be reached this year about an organised foreign exchange market.

The president of the Pietermaritzburg and District Chamber of Commerce, Mr. M. I. Lowman, said: “We believe the minister has been mindful of the need to create confidence in the economy within the Republic and abroad.

“The overall concessions contained in the Budget are welcomed. However, we believe specific concessions to companies and individuals have not received sufficient incentives to create greater productivity.”

10. Hoeveel keer het die span roeds op u plaas gewerk?

11. Hoeveel skape skeer hulle weekliks?

12. Betalings

Skeerders: kontant ander: hoeveelheid waarde aan boer waarde aan skeerder

Dagboumers: kontant ander: hoeveelheid waarde aan boer waarde aan skeerder

13. Hoe word die betalings bepaal?
Poor Man Budget

It's a Rich Man's World

Harold Weiss

Executive Secretary
The Poor Man's Committee

Yesterday which Opposition
Horwood presented a Rich
Minister Senator Owen
Cape Town - Finance
Politcal Correspondent
ORMAND POLLOK

abolished

of R2,50
Black Tax

30/03/78

N.M
He faced the door and read the documents. The night the FEP was promised, the papers showed the balance of the sales tax. It included the higher or lower rate of sales tax, as the case may be.

The company would not know whether the rate of sales tax was higher or lower than the balance of sales tax.

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Tax concessions totalling $197-million were announced by Senator Owen Horwood.

He revealed that this included $132-million on income tax on individuals and $132-million on companies.

The breakdown on the remaining amount is: unfortified wines ($1.000 000), stamp duty on leasing contracts ($4.500 000), transfer duties ($3.000 000), funding of pensions ($2.000 000), estate duty ($1.000 000), losses/profits on foreign financing ($1.000 000), initial and investment allowances ($5.000 000), donations tax ($2.000 000), and exporters' allowances ($1.000 000).

Referring to the excise duties on wine and other beverages Senator Horwood said it had never been the intention to discourage the production of natural wine.

Where representations received from the wine industry had revealed that the higher duty was in fact tending to have this general effect, he felt a measure of relief was justified. Accordingly he proposed that the excise duty on unfortified wine be reduced by 3c a litre to 4c a litre from the 1.97. The reduction would mean a loss of revenue to the Exchequer of about $95 000.

Referring to alcoholic beverages from oranges and from apple juice, which was at present not liable for payment of excise duty, Senator Horwood said he had been told that certain co-operatives now intended producing on the same scale a fortified alcoholic beverage from apple juice and possibly also from pear juice.

"These beverages will compete with wines and in order not to grant the imposition of excise duties on orange beverages an undue advantage it has been decided to impose an excise duty of 20c.

"I propose that an excise duty of 94c a 100V be levied on unfortified apple and pear and orange beverages, 3.57c a 100V on such fortified beverages and 4.05c a 100V on such sparkling beverages."

Referring to stamp duty on leasing Senator Hor-wood said stamp duties were reviewed last year and from April 1 levied for the first time on leasing contracts in respect of movable alcohol apples.

Unfair

"The proposed general excise duties for the reconsideration of this duty. It would be unfair to my mind to maintain this stamp duty, which is, I think, applicable to such contracts in respect of motor vehicles, machinery and equipment, in view of the proposal that the new general sales tax be also levied on all such leasing contracts."

"I have therefore decided to abolish this stamp duty with effect from April 1, 1979. The loss of revenue for the 1978/79 financial year is estimated to be $4 000 000."

On concessions on investment and initial allowances Senator Horwood said he had announced last December he would propose the machinery and buildings initial and investment allowances be extended for a further period of three years.

This extension would, however, only apply to machinery, plant and buildings (their extensions thence) used in a process of manufacture in the ordinary sense of the word, and not in a process similar to that involved in the proposed machinery.

He had received representations for the extension of initial and investment allowances in respect of used machinery. He would be willing to examine that subject to help industries meeting increased replacement costs.

Referring to the expected advantages of taxing such a course of action. Nevertheless there are other considerations which weigh more heavily with the tax authorities as to why a general sales tax should be imposed.

One of the administrative problems which has been overcome by the introduction of the new tax will overcome many of the disadvantages of the current sales tax."

"I will readily concede that the imposition of such a new tax cannot be painless. No tax is painless. To tell the truth, as Colbert expresses it: 'The art of taxation consists in so placating the people as to get the most feathers with the least hiring.'"
Relief needed so surcharge axed

THE surcharge of 10 percent on personal income tax would be abolished completely and the surcharge on companies tax reduced by 2.5 percent, Senator Owen Horwood announced.

He said the surcharge of 7.5 percent on company tax payable by all companies excluding gold and diamond mining companies, would be lowered to 5 percent.

The surcharge of 10 percent payable by gold and diamond mining companies would be lowered to 7.5 percent and the surcharge of 10 percent payable on personal income tax abolished.

Payable

The 15 percent loan levies payable by companies and the 10 percent loan levies payable by individuals would be retained, but the repayment of levies due at the end of the 1978/79 tax year would be brought to July 15, 1978.

The earlier repayment of loan levies would improve the cash flow for both companies and individuals, and individuals would be in a better position to absorb the effect of the new general sales tax.

The abolition of the 10 percent surcharge on personal income taxes would assist in creating a climate favourable to a higher level of economic activity and the marginal tax rate would now revert back to 60 percent, a figure which found favour with the Fransen Commission a few years ago.

The abolition of this tax would benefit all individuals whose tax, before the addition of the surcharge and loan levy, amounted to R150 a year or more.

Reasons

These concessions would cost the Exchequer R48 million in respect of companies tax and R206 million a year (R132 million for the current year) in respect of personal taxes.

Outlining his reasons for the concessions Sen. Horwood said the South African economy was currently in its fourth recessionary year. Company profits were detrimentally affected with a consequential effect on Government revenue.

"It is necessary on the eve of a new upward phase to enable companies to make their full contribution through production and higher productivity with the aid of cheaper financing and to make new investments and achieve higher rates of employment.

"I feel it is now necessary for the Government to grant relief in respect of the tight cash flow position experienced by many companies," he said.
### Comparison between tax payable for the 1979 and 1978 tax years

**Income tax: What you paid and what you will pay**

<table>
<thead>
<tr>
<th>Year</th>
<th>Taxable Income</th>
<th>Tax Rate</th>
<th>Tax Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1979</td>
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</tbody>
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Note: (1) The tax has been calculated on the basis that: (a) the taxpayer has no capital gains; (b) the taxpayer has not over the age of 60 years; (c) the taxpayer has no material benefit from the insurance premiums.

**NB:**
WINE AND FRUIT
Pipped

Wine lovers have little cause for up-snacking or nose-twitching in the excise duty reduction. The effect will be to cut the price of a bottle of wine by a shade

over 2c.

Also, on July 1, when the general sales tax comes into operation, wine prices will go up again. At 4%, that's another 6c on a bottle retailing at R1.30.

What Horwood appears to be trying to do is hold down the price escalation effects of the proposed sales tax on wine as much as possible. Wine prices have gone up so much that any duty increase will accelerate SAs declining wine consumption:

<table>
<thead>
<tr>
<th>Year</th>
<th>Light wine</th>
<th>Fortified wine</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>184 m</td>
<td>71.5 m</td>
</tr>
<tr>
<td>1977</td>
<td>172 m</td>
<td>66 m</td>
</tr>
</tbody>
</table>

Although wine exports are reported to have held up well last year, mainly due to poor crops in Europe, the industry would badly like to see local consumption increase.

Horwood's excise duty reduction, therefore, doesn't seem to have gone far enough.

New excise duties on alcoholic drinks from apples, pears or oranges, though, show that the wine lobby is getting its message across. Cider, for example, will no longer have the advantage of not paying excise duty. Nor will others.

What prompted the minister was the information that "certain co-operatives" intend to produce drinks from fortified fruit juices. So he's stepped an excise tax

of 4.2c a litre on unfortified alcoholic fruit juice drinks, 23.7c a litre on fortified and 40c a litre on sparkling.

"This will knock any plans flat to make alcoholic beverages from fruit juices," says the Ceres Fruit Growers Co-op Association. "If the duty on wine is lightened, any competitive advantage fruit juices might have had is diminished."

So here, at least, Horwood has plugged the gap.
Horwood is right when he says the tax changes won't be painless. The reductions in sales duty prior to the introduction of the general sales tax on July 1 throw up some anomalies.

The minister rightly warns traders that the cuts, 5% ad valorem across the board, must be passed on to the consumer as they apply to new stocks.

However, this will have the effect of making existing stocks — in shops, warehouses, etc — more expensive since the higher sales duty has already been paid. This is because sales duty is levied on goods as they leave the factory.

Take motor cars. Upwards of 45 days' stock is usually carried in either off-site storage or on dealers' floors (in both cases sales duty has been paid). Cars moving ex-factory from tomorrow will pay the lower duty and will thus cost less to buy than those in stock.

For example: cars pay two levels of sales duty — 12.5% below a neutral value of about R6 300 retail. The new rate is 7.5%, giving an approximate saving of R190. A car priced above this neutral value pays 20.5%, now reduced to 15.5%. So a vehicle with a retail price of, say, R8 000 will come down by about R265.

The general reaction of motor men is that there won't be much trading at dealer level unless Horwood backdates the cuts to include stock already ex-factory but as yet unsold.

The same applies to other goods carrying sales tax.

Nevertheless, Secretary for Customs & Excise Dirk Odendaal is adamant: “There's no question of backdating. Each sector must work out how they're going to dispose of goods cleared at the old high rate.”

Despite this, Pick n Pay's Ackerman, always ready to see a marketing advantage, tells the FM that he'll cut food and toiletries by the 5% — regardless of stocks on hand. Cost to Pick n Pay, he estimates, will be between R250 000 and R300 000.

There is also considerable disappointment that the import surcharge has been cut from 15% to 12.5%. Those manufacturers who face little competition from imports had hoped it would go altogether.
TURNOVER TAX

Add-in cheers

At an across-the-board rate of 4%, the new general sales tax, to be introduced on July 1, will be levied on transactions, rather than on commodities.

In order to provide as broad a base as possible, exemptions will be kept to the bare minimum. But some likely candidates are:

- Goods acquired for resale;
- Goods to be used in a manufacturing process and to be incorporated in the manufactured product;
- Farming requisites, like seed, feed, fertilizers and livestock;
- Telephone services, power supplies, government services, transport (except deliveries of goods to an end-user), and medical services.

The architects of the tax have attempted to avoid favouring one party at the expense of another. For example, all types of fuel used in a manufacturing process will be exempted from the tax so that no manufacturer will enjoy a competitive advantage over another.

Exemptions will be granted by means of a vendor’s registration certificate.

Good news is that the tax will be on an “add-in” basis and not “add-on”. And sellers will be free to display either a simple inclusive price or a breakdown of the basic price, the tax added, and the final price.

The “add-in” decision should save considerably on accounting procedures — which has much worried Assocom of late. Add-in taxes can be paid by head office. The alternative would have meant ringing up a basketful of groceries, and then ringing up the tax as a separate item.

A “thrilled” Ray Ackerman of Pick n Pay points out that the accounting machinery required for that would have cost in the order of R4m.

It’s estimated that the tax will swell the exchequer’s coffers by about R1 000m a year, starting with some R650m in 1978/79.

Although there’s a question-mark hanging over the efficiency of the collection and administration of the tax, Secretary for Inland Revenue Mickey van der Walt tells the FM that the army of 400 staff — 75% of them administrative —

Financial Mail March 31 1978

"The art of taxation consists in so plucking the goose as to get the most feathers with the least hissing" — Colbert, quoted by Horwood. An admirable exercise to both ends, even if the goose doesn’t think so...

responsible for implementing it will only cost around R2m a year. A small price to pay for such a potential harvest.

There’s still time for changes, of course. The draft bill was published last week, which, as Horwood pointed out on Wednesday, “is yet another endeavour to afford all interested parties an opportunity to appraise ... and submit their comments.

Implementation of the general sales tax is going to provide headaches aplenty. But there will also be problems during the interim period in which government will attempt to reduce and phase out sales duty — or convert the sales duty to ad valorem excise duties on selected less essential goods, as Horwood intends to do later in the year.
So taxpayers are smiling. Personal tax has been appreciably reduced. Horwood has not touched the basic rate but he has removed the 10% surcharge, thus reducing the top marginal rate to 60%. Retention of the loan levy, however, boosts it back to 66% — instead of 72%.

Thus, a married man without children earning R20 000 will pay the same basic R4 720, plus R472 loan levy, bringing his total 1978 payment to R5 192. The additional 10% surcharge falls away, giving him a saving of R472.

Effectively, for all income tax payers, the saving is approximately equal to one month’s tax deduction at the old rates.
EDA: Will the people out there be able to understand this table?
Not in the Tshakolo. 
Water temp below 18°C hand feeding

What amounts were collected from Blacks during the financial year 1976-77 by way of (a) fixed tax and (b) hospital levies.

The MINISTER OF PLURAL RELATIONS AND DEVELOPMENT:
(a) R9 355 243.
(b) R50 444.

Economics
Our policy regarding the villages is that in the first year we supply everything free. If you take R100/ha for fingerling cost (and it's actually less than that), the profit is about R600/ha. That's an average. This doesn't include the cost of transport and labour.

Transport cost is quite high because of the size of the farming units and because of the distances involved. But if you compare the fish farming profitability to other agricultural activities in Lesotho, like crops, maize, wheat, it's much higher. Also the income per employee is higher. The profitability of the intensive farmer is about double. Last year the food conversion rate was 3,1. The previous year it was 3,0. Since I came here we've started better methods of feeding. The food conversion rate of the intensive farming is higher: 4,0. The previous year it was 3,2. We're also trying to reduce the amount of pellets as opposed to wheat and I feel that up to now it's working.

If we consider everything, including the capital investment, the picture will be different. These fish ponds can't compare with Israel because here the cost of investment per hectare is very high. The ratio between the bank size and the water area is very high because the fish-ponds are small. For example, if instead of making two ponds of 2½ hectares each you make one pond of 5 hectares you'll need less ground for the walls. In addition, if you include the cost of laying on water supply and constructing outlets you can see that the more ponds you have the higher your capital investment is but it won't help the production. But still if you compare it to all the other activities in Lesotho including the soil conservation work, I don't think it's more expensive. So it depends
Estate tax change call

Financial Reporter

CHANGES were proposed in the Budget to estate tax and the level of donations a taxpayer can make to his children. Senator Owen Horwood, the Minister of Finance, raised the donations limit from R10 000 per child to R15 000.

Senator Horwood said the object of the donations tax was to discourage taxpayers from parting with their income-bearing assets and thus reducing their liability for income tax and, ultimately, for estate duty. Provision had always been made for certain exemptions. One of these permits a taxpayer to donate to his children free of tax an amount of R10 000 per child. This amount had remained unchanged for more than 20 years and he felt an increase was now justified.

He proposed, therefore, to raise the exemption limit to R15 000 per child and that the increased limit be applied to donations made on or after tomorrow.

In determining the dutiable value of an estate an amount of R25 000 was deductible as primary rebate. A further rebate of R25 000 was allowed for each child of the deceased who survived him, and a rebate of R25 000 was allowed for the surviving spouse.

He had decided to increase each one to R30 000. The increased deductions would apply to the estates of persons who die from tomorrow onwards. For the year 1978-79 the loss would be R1 million.

The Financial Mail reported that the number of unemployed Africans in the Transkei varies from 30 000 to 12 000. The time of writing.
Eers gevra, nou kla hulle

DIT is noodskaaklik dat die bestaande verkoopreg en die bo-belasting op invoer metertyd verwysig word. Dit sal ook van groot waarde wees as kosprysse doelstreefde gestabiliseer word, het mnr. Raymond Parsons, uitvoerende direkteur van Assaecom, aan Sake-Rapport gesê.

Hy het kommentaar gelewer oor vanweek se Begroting en meer specifiek die nuwe algemene verkoopbelasting. Hy sê dit is moeilik om presies te kan sê wat die uitwerking van die nuwe belasting sal wees want 'n enkele feestrydige kragte sal prysbewegings oor die komende maande bepaal.

Die nuwe belasting dek die finale verkoop van goedere, sê Parsons. "Vakansiewonings en tweede handse artikels word ingehuil. Soos sy naam aandui is dit 'n alomvattende belasting wat onafhanklik van ander regulasies geld." Dit is egter ironies dat die groep in Suid-Afrika wat die laaste jaar die afskaffing van die huidige seletiewe verkoopreg beleiet het, en sy vervangde deur 'n algemene verkoopbelasting, juist nou die grootste lawaai opskep omdat die Regering nou gedaan het waarvoor hulle geroep het.

"Voor twee agtereenvolgende jare was die Minister van Finansies in staat om staatsbesteding tot redelike perke te beperk. Vanjaar is die styging in Staatsbesteding skaars met die inflasiekoers vergelykbaar, selfs met die benodigde vir Verdediging in saak neem...."

Jaarran om met ander werkers saam te rander?

Lan

Arbeiilers allenlik

weg na die plaas te kom of nie?

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THE POOR get no concessions in the budget — except that the absurdly discriminatory poll tax is abolished. And when the sales tax comes into force they will be paying through the nose for all staple commodities.

No one who pays a tax of less than R150, and there are thousands and thousands of such taxpayers, gets any concession.

Even the taxpayers in the higher brackets enjoy concessions that have little real meaning.

If it were not so, the Minister would not be expecting to extract R1 000 million a year from this new source of taxation.
New sales tax discriminatory says Schwarz

THE ASSEMBLY — The Government was living in a fool’s paradise if it thought a few tax changes could save South Africa, the chief opposition finance spokesman, Mr Harry Schwarz, said yesterday.

Opening the Budget debate, Mr Schwarz launched a heavy attack on the new sales tax system which he said was discriminatory in that it would hit the poorest sections of the population hardest.

Mr Schwarz said he supported the Government’s aim to stimulate economic growth but he questioned if the measures announced by Finance Minister Sen Horwood would achieve this or restore local confidence.

“Will the Government tell us what political action it will take to make an economic revival possible,” Mr Schwarz said.

“Without it we may have a mild upswing but in the long term we will become a beleaguered, isolated and boycotted country.”

While praising the Minister for some of the measures in the Budget, Mr Schwarz said that his much-vaunted tax concessions were far less than the extra money he was taking away from the taxpayer.

“Despite tax concessions the Minister is budgetting to take R57 million more from individual taxpayers,” he said.

“But there is a more serious aspect,” Mr Schwarz said.

“This budget discriminates against the lower income groups — they are expected to pay sales tax but they receive no concessions.”

Among the examples he gave was a married man with three or four children earning R4 000 a year or less. He received no concession.

There were 1 719 038 white, Coloured and Indian taxpayers of whom 831 255 had taxable incomes of less than R3 899 a year.

The blacks had to pay the sales tax but their tax scales at lower levels of income were much higher than for whites.

He also criticised the timing of the new sales tax and its general application.

“The poverty gap — or call it a wealth gap — is of such a nature in our country that it needs to be closed far more before a tax of this kind can be imposed on all items including the essentials of the worker.”

Mr Van der Walt, chairman of the NP’s parliamentary finance group, said that no new tax system could be introduced painlessly.

He denied that it had become Government policy to “tax the poor” and scoffed at Mr Schwarz’s criticisms that lower income groups were being discriminated against in the concessions.

Lower income groups were not paying supercharges and therefore there was nothing to give them back.
Own Correspondent

CAPE TOWN — Senator Horwood's budgetary relief for pensioners could actually end up with some of them paying tax.

Mr Geoff Oldfield, New Republic Party MP for Umbilo, pointed out today that because of failure to adjust the tax tables, married couples aged more than 60 and with no income other than their pensions will fall into the taxable category.

"He has given them R9 a month each extra, which brings their monthly pensions up to R88 each. This means a total combined income of R2112 a year for them — and at R1900 a year they become liable for tax.

"The only pensions which are not taxable are war veterans', was disability and miners' disease."

He said the Minister of Finance should rectify this either by making all pensions non-taxable or by relacing the tax statement which at present stands at R700."
EAST LONDON — Blacks who have not paid their R2.50 poll tax this year should do so as soon as possible, according to the Bantu Affairs Commissioner, Mr H. C. Scholtz.

"Although the general tax has been dropped for the 1978-79 financial year which started on April 1, the tax is still payable for the 1977-78 year."

Mr Scholtz said the tax was supposed to have been paid by the end of March, but the taxpayers — black men over the age of 18 — were given two months grace to pay the tax.

"Officials started collecting the tax from January and they are now going around to employers who help us by collecting the tax."

The poll tax was dropped by the Minister of Finance, Sen Horwood, in his Budget speech. It used to bring in about R9 million to the government coffers. — DDR.

| Source: |
Getting to grips with GST

Come July, we'll all be paying it. So here is a handy guide to the way it will work.

On the desk of Inland Revenue Secretary Mick van der Walt is a plaque reading “Ulcer Dept.” Especially appropriate now, perhaps, in view of the mountain of work facing his department with the July introduction of the new General Sales Tax.

But once Van der Walt spells out the proposals as he presently sees them — they have yet to be approved by Parliament — GST looks simplicity itself. The anomalies appear minor. Its practical application should exacerbate few ulcers. And the business community will find its implementation pretty straightforward if it continually remembers the principle that GST is a 4% levy across the board on sales of all moveables not intended for resale or export, and on leases of moveables, at the point of final sale.

The vital thing to bear in mind is that GST will apply “at the point of final sale.” Hence exemptions, which are to be broadly based, will apply to trades and manufacturers rather than to specific commodities. This is clear from the second schedule to the Draft Sales Tax Bill, published for comment in the March 22 Government Gazette. It is an important document because, as Van der Walt puts it: “They are our proposals and we are civil servants. The private sector must tell us what is practical.”

Inland Revenue is leaning over backwards to accommodate gripes, which must be submitted by Monday week. So far, however, there are few questions which Inland Revenue cannot answer.

A more pressing problem is the slow registration of vendors. The message is hardly coming through that persons and companies carrying on defined enterprises (FM February 24) must register by June, not so much as to become GST collectors but to enable them in July to buy their inputs and stock-in-trade free of GST.

These vendor certificates will include a code in the reference number known only to the department. The code will relate to the enterprise. When an inspector looks through a wad of sales invoices, he immediately will be able to pick up, for instance, that a shoe trader has been using his certificate to buy furniture free of GST. That shoe trader will be in for a shock.

No final decision has yet been taken as to whether GST will be “add-on” (allowing the trader to display only the price before GST and add-on 4% at the till) or “add-in” (allowing the trader separately to show the price pre-GST if he so elects, but insisting that the price inclusive of GST is displayed). The department strongly favours the latter, and has drawn up the draft Bill on this basis, largely because of its greater administrative simplicity and because of the buying habits of SA consumers. Imagine the confusion, particularly of less sophisticated buyers, when confronted with an additional 4% charge at the supermarket checkout.

Whichever is adopted — and this Parliament will have to decide — GST will override all other taxes and duties. For instance, sales duty, which has been reduced across the board by 5%, is levied at the point of manufacture or import and a bottle of brandy is partly filled with excise duty. These taxes will be regarded simply as components in an article’s price construction which cannot be unscrambled at the point of final sale — where GST, which will embrace all factors making up an article’s final selling price, is levied. So, in these cases, GST will be a tax upon a tax.

Now for some practical posers.

- A trader adds in 4% to each selling price when marking his goods. At the end of the day, the arithmetic will not work out if he simply takes 4% off the top and sends it to the Receiver. To arrive at the GST he must pay on his turnover, he should use the formula:

\[
\frac{r}{100+r} \times \frac{t}{1} = \text{GST payable}
\]

Where \( r \) is the tax rate and \( t \) his turn-
over inclusive of GST, this calculation in selling a R100 item, plus 4% GST, will show the GST payable as R4.

- Commerce is concerned about profiteering accusations when GST is rounded off. Van der Walt is well aware, however, that traders could abuse the need for round off by rounding up. To overcome this, the department will issue tables prescribing, for instance, that no GST should be added on items selling for up to 10c, tax rounded off to the nearest 0.5c will fall away and for more than 0.5c will be adjusted upward to 1c. GST will lose on the swings what it gains on the roundabouts.

- An item can be subjected to GST more than once. A motor trader can buy a car from a factory for use as a demonstration model. He will have to pay GST as the end user. After 5,000 km, he sells it as second hand. The buyer will pay GST as the new end user.

- The ideal is that there will be no escalation of GST.

- Intermediary products which could escalate costs, like fertilizer going into production of meat, will be bought free of GST and the tax payable when the meat is sold in its end form.

**Machinery will pay**

- GST will apply to capital goods, such as machinery, which in turn is written off eventually through depreciation allowances. Against the life of machines, Van der Walt regards the GST on them as "miniscule" per unit produced.

- Government purchases at all levels will be subjected to GST.

- On credit transactions, GST will be based on accrued sales, ie cash and credit. The trader will have to pay over the tax on conclusion of the sales transaction, which is not necessarily when the cash passes.

- For ordinary accounting purposes, in any case, this is how books are kept. Provision will be made for a tax reserve based on outstanding debtors at the end of each month. A certain percentage (still to be defined) of outstanding debtors will be deductible from taxable value of sales and a reserve equal to this percentage of outstanding debtors will be allowed.

- This is a "revolving reserve" allowed in Month One and added back in Month Two, when a new reserve will be created.

- On an increasing book, the reserve will grow and vice versa. The taxpayer in effect only will have to finance the proportion of credit sales not covered by the reserve. Bad debts will be deductible when they prove bad and brought back when and if they are recovered. As to what this defined percentage should be, Van der Walt states: "I want to listen to representations."

- What of stores which simply have been unable to complete their re-marking at the switchover, and might have to sell some items with old marking and some with new?

- Van der Walt conceives that there could be temporary inconvenience. "But I hope that good planning by the enterprisers, who have been given plenty of notice, will mitigate the difficulty. It is still receiving attention."

**FREE FROM GST**

**Main exemptions are:**

- Goods used in manufacturing as an element in producing a completed product.

- Taxable services employed directly in manufacture.

- Non-returnable containers for packing consumable goods for sale to end consumers.

- Food purchased in bulk to be used directly in manufacture.

- Special equipment and chemicals for breaking rock, treating ore and safety purposes in mining and quarrying.

- Fertilizers, seed, livestock and diesel fuel used directly in the production of farming or forestry products.

- Packing and wrapping materials (but not returnable containers), bunker fuel and bait, for fishing enterprises.

- Foodstuffs for preparing meals for hotel and restaurant patrons, as well as drinks intended for resale to patrons.

- What of slot machines? Where a product is dispensed, they can be adjusted and change dispensed with the product. This is not possible in the case of service machines, like laundrettes. "I shall have to look into it," he promises.

- When it comes to bargaining over a price marked on the add-in system, trader and buyer will have to haggle over the price exclusive of GST. The GST must be determined on the net cash price. GST must never be a bone of contention or bargaining factor. Van der Walt proposes to prohibit advertising, implicit or otherwise, that any trader either is absorbing or not charging tax. Whatever his cash price, GST will be 4% on it.

- As for the hair-splitting over what comprises stock in-trade, Van der Walt is explicit. It implies stock for resale. Thus the car of a travelling salesman is a capital good and subject to GST. A car taken from stock by a motor trader for his personal use is taxable at cost to his business. A grocer taking foodstuffs for his own use must pay GST. An accountant renders a service and doesn't sell paper, so his stationery is subject to GST.

- However, a printer also renders a service. The paper he buys is free of GST, but when he sells it the printed material is taxable in the hands of the buyer.

- As for HP, GST is paid on the cash price, exclusive of finance charges, when the transaction is concluded. Contracts written before July 1 are not subject to GST. When it comes to interest, the bank ownership does not pass at any time unless a separate agreement is entered into on termination of the lease. HP and leases thus have no more in common than apples and pears. GST will be payable on each instalment first because, as a consumption tax, the output of the lessee in using the end product is each instalment, and second, as a transaction tax, to prevent tax avoidance by opened leases being entered into.

- Mode of payment is of no concern to the Secretary. If a customer pays a restaurant bill of R10,40, inclusive of GST, with a credit card, the restaurateur is liable for collection of the 40c GST. That he may have to pay the credit card company up to 5% of the R10,40 is for him to work out with the company.

- Notes: Barclaycard's Colin Gregor: "Our average bill is R30. When we take our 5% of the 4% GST, the difference is a matter of only a couple of cents." Whether retailers will try to make up the difference by pushing up prices remains to be seen.

- The Bill intentionally does not discriminate between different forms of the same undertakings, like hotels and boarding houses. Accommodation establishments which "systematically and regularly" let their accommodation for less than 45 consecutive days will have to add GST. Those supplying food to permanent boarders (more than 45 days), will pay GST on 30% of their full bill to represent food. From this it follows that rent payments are GST-free.

- GST on imported goods will be levied at 4% on taob plus 30%. If GST were paid only of job, there would be an advantage for the direct importer. The 30% is an attempt to wrap up charges like freight, insurance and customs duty, so that buyers of imported goods, whether imported direct or bought locally for resale, are on an equal footing.

**Export goods escape**

- Goods for export are free of GST. Ships' chandlers, for instance, will have to register to buy their supplies without tax.

- No provision has been made for exemption of staple foodstuffs. The moment exceptions are made, the vendors run into administrative problems. And to exempt foodstuffs as a whole, Van der Walt points out GST would have to be increased from 4% to 5.25% for the same yield to the fiscus. Rather, policy is to hold down the price of basic foods through subsidy.

- It won't be easy to find loopholes in GST. Unlike a multi-stage tax such as VAT, it also should avoid price estates.

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*Financial Mail* April 7 1970
tion effects through the manufacturing and distribution process, as well as multi-collection difficulties.

There could be another bonanza. Inland Revenue will employ a 400-man staff to administer GST. Most will be pure administrators. But the inspectors will, initially at least, be educators helping momma-and-poppa shops solve their reporting problems.

And the mere existence of all these new inspectors could scare fully into the tax net the thousands of businesses which traditionally have managed to operate their cash registers on a one-bill-for-me-one-for-the-Receiver basis.

This cherry might be almost as big as the GST cake itself.
Lowveld Fisheries

The Lowveld Fishers in 1954 to promote farming. In 1976-77 from (a) individuals, (b) gold mining companies, (c) other mining companies, (d) other sources.

(2) what was the total income tax collection during that year.

(3) whether figures are available for the financial year 1977-78; if so, what are the relevant figures.

The MINISTER OF FINANCE:

(1) (a) R1 690 255 752.
(b) R296 094 488.
(c) R75 198 038.
(d) R1 568 777 451.
(e) R366 380 561 (Loan levy).

In the Vaalwater area, went in for carp some years ago. They built dams and bought fish. Today there are between 180 to 200 thousand carp of about a pound to a pound and a half in the Vaalwater area. The farmers simply can't sell these at the price which Irvin and Johnson sells sea-fish, like hake.

When I was in Israel I discussed this problem and they said that as long as there is red meat available in South Africa they didn't foresee that fish would replace it.

EDA: Now these two men are making a success, are they selling to Blacks?

Yes, they don't even think of Whites. There is a lot of homeland area here; it goes right up to the Rhodesian border. So there would be a big market. There's a fisheries station at Arabie Agricultural College. We will be giving them some breeding carp. Apparently they are trying to produce fish in Vendaland for Vendaland and Nebo. They are also building a big hatchery at Sibasa. However, I don't believe that they can produce a tenth of what they need for the amount of people there. Swaziland also
New tax will lead to rates increase

EAST LONDON — The new sales tax will add at least R151 000 a year to East London municipal costs and ratepayers are going to have to pay this 2.5 per cent increase on their rates.

The municipality is a big buyer and spent R3.8 million through its stores department last year. Even with a cutback, increased prices are likely to push this figure up this year.

Sales tax comes into force in July and the city council will have to find at least R75 000 this year to pay for the four per cent tax increase.

"The councillor in charge of finance, Mr B. Arnott, said the city would either try to cut back this year in order to save the money or it would have to come out of reserves."

"All this does is add to the city's troubles because we are going to have to find this money which is not budgetted for," Mr Arnott said.

The United Municipal Executive is reported to be worried about the situation and has made representations to the Minister of Finance for exemption of local authorities from sales tax.

"Local authorities are facing a serious, if not critical, situation. They are big buyers and will be hit hard by the new tax," said UME's secretary, Mr D. P. Strydom.
New tax may hit your medical bill

By ALAN PEAT
Finance Editor

THE COUNTRY'S cost of medicine will rocket because of the point of sales tax, and major commercial associations are appealing for the tax to be removed.

The cost of medicine is likely to cost about R20 million more to the taxpayer, and medical aid schemes charges seem sure to go up to cover this expected increased charge.

The Retail Chemists and Druggists Association, the Pharmaceutical Society and the Representative Association of Medical Schemes are all expecting the Minister of Finance, Senator Owen Horwood, to listen to their appeals for exemption from point of sales tax.

They will base their appeal to the Minister on a number of points:

- The rise in costs will affect mainly the poorer section among the old, who display the greatest need for medicines.
- Taxation on the ill is unfair... whereas it is allowable on the buyers of unnecessary goods.
- Sick funds and medical aids have been hit in the past by escalation in costs, and the tax increase would push up the necessary subscription from members.
- Medical treatment by doctors has been exempted under the point of sales tax document, but dispensing of medicine by doctors (a necessary part of many treatments) will not.
- A rise in cost is likely to prevent many needy invalids from buying necessary medicines. This would be dangerous to health.

The overall rise in South Africa's total medical bill is difficult to assess because of the large variety of tax paying sources.

These include the consumer, via direct cash buying of patent medicines and cash for prescriptions, the sick funds, the medical aid schemes, the patient, in a dispensing fee in private hospitals, and the dispensing doctors as part of the overall treatment charge.

In the end the patient is involved in most payments for medicine, but the relationship of the payment structure makes it hard to judge the overall effect of the new tax.

However, the associations tax payouts plus estimates of the likelihood of the total should certainly amount to an increase of R20 million in the medical bill.

The likely increases worked out by the associations appealing for exemption give an idea of the amount.

The president of the Chemists' Association, George Atkinson, estimates his membership's amount of tax payment to be R10 million a year for scheduled and dispensed medicines, plus about R600 000 a year increase in the pharmacists' fees.

John Ernstzen, chairman of RAMS (working on the last total for his more than 260 members for 1976) sees the medical aid tax total to be more than R2.5 million. This will be boosted by the extra amount paid out against the doctors medicine dispensing in his treatment account.

The rest of the tax will reach the receiver from the payments by the pharmacists of patent medicines; from the medical aids not members of the Association (including the Railways' which is the country's largest) and from other medicine-dispensing taxpayers not aligned to the three pleading for the exemption.

Ernstzen feels that the Government may not have taken into account that the total upsurge in "unfair medical increases due to the tax" would come to such a large total. This makes him optimistic of the exemption being granted.

However, Atkinson expects the amount paid to inland revenue, about two percent of the overall income from the tax, possibly to lead to continued increases in medical costs.

Medicine on the chemists' shelves — what will it cost soon?
The budget IS inflationary

EAST LONDON — How many South Africans still believe Mr Horwood’s recent budget announcements are worthy of high praise? Immediately following his budget speech, a wave of public lamentation from many quarters began to roll in. Agriculture, commerce, banking etc. But what about the spokesmen stop to think?

Putting his proposals in perspective, the retail price of a loaf of bread at the end of the year will be more than 20 per cent higher than today ($2.00 per loaf). Food subsidies will fall from 30 per cent ($200 million) to 15 per cent ($85 million) and the ending of the bread tax will result in a $350 million loss of income for the bread industry.

Taxed...

"That’s wonderful" said many. "Mr Horwood is to be congratulated" said most. The budget is inflationary, said I.

Why? It is simple. The then existing sales tax, which he has cut by five per cent with immediate effect (but it will take time to ripple into the economy and will be payable by manufacturers on the source price) raised about $200 million a year for the Government coffers.

But the new general sales tax, to be applied at point of sale, and which includes services as well as goods (and even includes essential foods!) will bring in about $1.6 billion for the Exchequer — an extra $450 million.

Simple arithmetic, then. The new sales tax demands $20 billion in taxes, whereas the old sales tax demands $300 million in taxes.

And where does the extra money go? Go it is in the over-hungry government coffers! South Africa spends "about $1.6 billion in foreign exchange last year on oil and defense imports," the budget makes it clear that this will only include oil and defense. This leaves around $300 million on the surplus for what we have been called "the periphery" of the economy.

And taxed...

As has already been explained in The Daily Dispatch, municipal rates will not be exempted from paying the new tax on all their purchases, which are massed together into a "municipal rate." This will mean the householder and the businessman, whether commercial or industrial, will find those expenses rising.

...taxed...

Who will have to pay? The final consumer, which will mean more, much more, than the four per cent increase in the tax. As a result, family and business budgets already strained near to breaking point will be forced to reach a state of bankruptcy.

This too means the workers will be asked to pay taxes. A wave of unemployment, which already exists is bound to rise. The final consumer, the retailer, will be the one hit here. Oil and defense imports are about $200 million.

In 1973, they soared to around $800 million in 1974, and then to R1 170 million in 1975, and R1 500 million in 1976.

...and taxed

Oil imports continue to increase in 1976, partly because of the rise in the price of oil at the beginning of the year.

Assuming a roughly constant spending on defense imports in 1976 and 1977, it looks as though oil imports rose by about $200 million to R1 500 million in 1977.

Lucrately for South Africa, oil remains priced in dollars, so we have been protected from the rising cost of the sliding rand. It is, of course, a fact that would have to be taken very seriously if we were contemplating any further rand devaluation.

Do you still think it was a good budget?

— BUSINESS EDITOR
Tax plan will hit business

The "add-in" system of taxation envisaged in the Government's proposals for the new general sales tax will cost businessmen thousands of rands.

The cost of tickets for remarking goods at one department store chain alone is estimated at R40 000. Wages paid to workers for the purpose of remarking at that chain are estimated to be R164 000.

And a total of 15 working days will be required to complete the remarking of all goods. In one store alone, no less than 666 800 items will have to be remarked.

This was said today by Mr John Melville Pels, a past-president of Assocon (Association of Chambers of Commerce of South Africa), at an "Assocon" seminar in Johannesburg on the general sales tax.

Mr Pels gave Assocon members a schedule outlining the advantages and disadvantages of the "add-in" and "fixed" systems.

With the "add-in" system, the retailer included the tax in his price for an article. This was the system which the Government had indicated would be generally introduced.

With the "fixed" system the tax was added to the customer's final invoice.

Mr Pels suggested that a possible way of a approaching tax day (July 1) was for businessmen to mark on a different coloured sticker alongside their present price — showing the price, including tax, which would have to be paid as from July 1.

However, Mr Pels said, retailers could not start remarking now as they would have to allow for various changes before the tax became effective — for example, changes of price to meet competition or special promotions.
Roelofse asks Horwood to scrap tax on basic foods and medicine

Pretoria Bureau

CONSUMER anger at the price spiral has reached boiling point, according to the ombudsman of the SA Council of Churches, Mr Eugene Roelofse.

Mr Roelofse has asked the Minister of Finance, Senator Owen Horwood, to free basic foods and medicines from the 4% general sales tax which will be implemented from July 1.

Mr Roelofse said there were thousands of poverty-stricken township families and many white pensioners who were being forced to reduce already meagre diets because of continually rising prices.

More than half the families in townships lived on or below the breadline, he said.

"Hunger and unemployment superimposed on the many other black grievances make a dangerous mixture. The least the Government can do is to exempt essential foods like mealie meal and milk," Mr Roelofse said.

Mr Roelofse said he asked the Minister to exempt bread, mealie meal, milk, paraffin and coal from the tax.

"The consequences if we don't take action could be serious. This is why I appealed to Senator Horwood," Mr Roelofse said.

The Minister of Agriculture, Mr Hendrik Schoeman, is expected to announce a rise in the maize price before the end of the month. Soon after this an increase in the fresh milk price is expected.
GENERAL SALES TAX

On buildings too

Though the new general sales tax applies only to moveables and not to fixed property, it must inevitably act as a disincentive to the construction of new buildings. And there will be headaches for the professional teams involved in construction as well.

GST is to be levied on all moveables sold to end-users (FM April 7). This means that, while the sale or leaseback of a building will not be subject to GST, the materials (bricks, concrete, air-conditioning, carpets, etc) which go into it will be. So the price must increase by the 4% GST levied on the moveable components required for construction.

Increased costs will mean that developers will have to look for increased yields if buildings are to be viable. In the current climate, generally speaking, obtaining a reasonable yield even pre-GST is hard enough.

What of the professional teams, like architects and quantity surveyors, whose services are not subject to GST but who base their fee on the final cost of the building?

Secretary for Inland Revenue Mick van der Walt “will look askance at an entire profession” which bases its fee on cost inclusive of GST. Instead, professional men will have to unravel GST charges from ultimate cost to arrive at a base from which to calculate fees.

There is no way that the Secretary will allow GST to become a cost-escalator in such a way.
No tax on goods priced up to 13c

Shoppers will not pay tax on articles priced at 13 cents or less — this will include newspapers — but the suppliers will have the tax included in his bill.

Yesterday, Mr. Melville Peis, chairman of Assocom's Purchasing Tax Committee and two senior officials from the Receiver of Revenue Dealing with General Sales Tax, held a seminar in the city arranged by the Durban Chamber of Commerce.

The official said the tax tables would exclude items which attracted a half-cent tax (from 13 cents downwards) but that the tax would be rounded up on more expensive items. The shopkeeper would have to pay over a tax on all the articles sold whether they were taxed or not.

He said that newspapers would probably be forced to increase their cover prices as the law provided that the seller could not absorb the tax.

The official said that the provisions in the draft Bill which allowed the Receiver to take back a vendor's certificate did not mean that he would go out of business. Instead, he would have to pay tax on the goods he bought and would not be allowed to recover the tax from his customers.

The certificate would be removed only in the event of serious offences under the Act.

Mr. Peis said in a general discussion of the proposals that the slight upturn in retail sales in the first quarter of the year was so tenuous that the imposition of this tax could reverse any recovery and cause great concern to retailers.

It was pointed out that while the add-in system appeared to be favoured by the authorities it was still possible to make representations. A clause of the Bill provided that vendors could ask for an add-on system.
TAXATION is the art of plucking a goose with the least amount of hissing says Senator Owen Horwood, the Minister of Finance, and he thinks that the four percent general sales tax will cause no hissing at all—certainly the golden egg will not be stolen from the goose.

True, who will worry about paying a few cents more on a bottle of beer, or a fraction on newspapers or a box of matches. The tax on a car will be quite a bit but that all goes into the hire-purchase agreement anyway.

But from July 1 everything we buy will go up by four percent. The Receiver of Revenue will issue tax tables which will specify what tax the shopkeeper must charge on goods—this is likely to mean that anything under 10 cents will be tax free while the goods over this price will be taxed a little more than four percent.

Calculate

The shopkeeper will calculate it to set turnover each month—after subtracting bad debts, all losses and so on, and including the total of his credit sales, and multiply this figure by a factor (0.0344645) which will give him the tax that he must send to the Receiver of Revenue.

But now comes reality, Mrs. Housewife goes to the supermarket, the chemist, the hardware shop, the newsagent and perhaps the bottle store. In her hand she has R10. From July 1 she will only be able to spend R10.00 on goods—the rest goes on tax.

Apply that nationally. Senator Horwood expects to collect R650 million in the first months. That implies sales of something like R10 billion a year in 1977. The Reserve Bank estimated private spending at R18.5 billion, Government spending at R4 billion and imports of R8.34 billion. Total R31.6 billion.

Let's look at it another way—there are 9,500,000 wage earners in the country and spreading Senator Horwood's raw tax equally among them means a new tax of R8.50 a month. The reduction in the tax surcharge will mean that people earning about R1,000 or more will stand some chance of beating the taxmen.

But no one will avoid paying the tax. Whether it is the well-behaved company executive with accountants working to reduce his income tax payments; or the pensioner with a fixed income; or the poorly paid labourer who spends most of his money on food.

It will be painful for the consumer because that part of his spending income subject to the tax will go up by four percent. Or if there are only limited pay increases his spending in real terms must fall.

To be fair the shopkeeper—the tax covers far more than the humble life around the corner—it going to find things hard, too. He has to do. He has pieces of paper which accurately inform the Receiver of Revenue of the value of the goods he sells and more pieces which will inform the taxman of how much he has sold.

The Receiver has 400 men who will spend their time policing the new system. The chances of the shopkeeper putting money under the counter or conveniently forgetting an invoice or receipt for a cash sale are going to be minimised.

The scheme is efficient it is quite possible that the minister will have his small feathers and a couple of golden eggs as well. My estimate is that he will get nearly R200 million more than he has provided for." writes Beverley.

Most tax will be paid and the customer can usually see only one price. But the shopkeeper must display a price tag with the price and the tax. The draft legislation also provides that if for some reason a trade association wants to apply the add-on system, they can apply to the Receiver for permission to do so.

67 pages

There are 67 pages of the draft legislation which lay down as one R18.5 million. One of them is the power to—erasure the vendor's certificate which means a shop can be closed.

Other recommendations for a deposit to be paid on goods in relation to the Receiver if a vendor has been slow in paying and for interest of 7.5 percent on outstanding amounts. Minus of the certificates buy goods free of tax will be confiscated.

In principle the general sales tax is ideal. It escapes the taxation net. But a four-percent increase for food, or 5 percent on a month, or live on a pension is far more painful than for those on an income of R200. Because GST has been introduced with only minimal concessions for the poor there is every chance the poor goods will be feathers and chilled to death.
TUESDAY, 18 APRIL 1978

This question was put by Mr. T. ARONSON to the Minister of Finance:

1. (a) What is the estimated amount owing by taxpayers in respect of assessments for the 1976-77 tax year and (b) what number of taxpayers have not been assessed for that year?

2. Whether there are assessments outstanding for longer than three years; if so, (a) how many and (b) what is the estimated amount owing in respect of such assessments.

The Minister of Finance:

1. (a) It is not possible to specify the amount owing by taxpayers in respect of a particular tax year for the reason that taxpayers' accounts are consolidated. The total amount of assessed tax outstanding as at 28 February 1978 was R358 519 666.73, of which R192 904 656.41 was not overdue.

   Individuals ........ 325 605
   Companies .......... 66 303
   Total .............. 391 908

   This information has been compiled as at 3 April 1978 and relates to taxpayers who are on the register.

2. Yes,

   (a) Assessments have not yet been raised in respect of the following number of taxpayers who are on the register:

   Individuals ........ 40 040
   Companies .......... 2 183
   Total .............. 42 223

   This information was compiled as at 3 April 1978.

   (b) This information is not available as it can only be compiled when the outstanding returns are submitted. An estimate at this stage is therefore not possible.
Representations on point of sales tax on medicines

5. Mr. H. H. SCHWARZ asked the Minister of Finance:

Whether representations have been made to him in regard to point of sales tax on medicines; if so, (a) by whom and (b) what was (i) the nature of the representations and (ii) his reply thereto.

The MINISTER OF FINANCE:

Yes.

(a) The South African Homoeopathic Association; The Representative Association of Medical Schemes; Mr. E. Rooi on behalf of the South African Council of Churches; Mr. J. M. Ackermann; and Miss S. H. Schonegevel.

(b) (i) That sales of all medicines, of prescribed medicines and of medicines supplied by homoeopaths and related practitioners should be exempt from the tax.

(ii) That the representations will be borne in mind when the Bill is finally drafted.

I wish, however, to inform the hon. member that, in order to attain the low rate which has been proposed and to have an easily administrable system, it is imperative to have as wide a tax base as possible and exclusions or exemptions of specific commodities will, therefore, not lightly be entertained.

Mr. H. H. SCHWARZ: Mr. Speaker, arising out of the hon. the Minister's reply, can I infer from what he says that he not only intends to tax the poor but also the sick? [Interjections.]

Mr. SPEAKER: Order!
Tax chief cools those inflation accounting hopes

Anne Colley

The chances of using inflation accounting to calculate new levels of company tax bills was put under a cold shower by Mr. Micky van der Walt, Secretary for Inland Revenue, today.

Speaking at the 1978 Law Conference in Johannesburg, Mr. van der Walt said the Department could not allow inflation accounting to reduce the taxable income of a select sector — the business community — as this would whittle away State revenue.

To make up the shortfall, tax rates levied on the entire population would have to be pushed up — unless the Government turned to deficit budgeting which can so often lead to runaway inflation.

LIABILITIES

Quoting from various papers written on inflation accounting, Mr. van der Walt said: "Why for instance should only companies be allowed to adjust their incomes for inflation before tax is assessed? The benefits of inflation adjustment should theoretically be extended to all classes of income and capital gains taxpayers — a sweeping reform that would be quite impracticable."

And: "If you would like tax to be based on inflation adjusted profit would you also like your tax liabilities to be adjusted for inflation occurring between the balance sheet date and the date of payment of tax?"

Mr. van der Walt also pointed out that the Government has yet shown itself willing to risk the embarrassing consequences of such an official recognition of the extent of inflation for the political risk of being dubbed "the party of inflation."

But the door is not closed. The Secretary quoted the Standing Committee: "When standards for inflation accounting have been determined and accepted, the matter can be examined again. But the effects of inflation on the entire taxpaying community must be considered."

* * *

Should a private company's debts be limited for the sake of the creditors? This idea was mooted by a Durban attorney, Mr. G. Cox, at the conference today. "A strong case can be made out for placing at least as much emphasis on the rights of creditors as has been placed on the rights of shareholders," he said.

Mr. Cox points out that the creditors of a private company can only inspect the financial statements after he has obtained a judgment. "By that time it is usually too late." He suggests that "private companies could be restricted in terms of their debt to equity ratio, and not only, in terms of the number of shareholders."


The MINISTER OF FINANCE:

1. (a) I regret that this information is not available as no statistics are maintained in this connection.

   (b) As taxpayers' accounts are consolidated it is not possible to allocate outstanding taxes to individual tax years.

2. As explained under (1)(b) above, regret that it is not possible to classify outstanding taxes according to individual tax years.

It is, however, possible to furnish the following information:

A. Income tax which has become irrecoverable:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Individuals</th>
<th>Companies</th>
<th>Total tax written</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Tax written off</td>
<td>Number</td>
</tr>
<tr>
<td>1974-'75</td>
<td>2,721</td>
<td>447,777,541</td>
<td>75</td>
</tr>
<tr>
<td>1975-'76</td>
<td>2,814</td>
<td>861,497,35</td>
<td>155</td>
</tr>
<tr>
<td>1976-'77</td>
<td>3,016</td>
<td>925,004,11</td>
<td>126</td>
</tr>
</tbody>
</table>

B. Total amount of income tax outstanding as at 28 February 1978:

<table>
<thead>
<tr>
<th>Age of debt</th>
<th>Individuals</th>
<th>Amount outstanding,</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Not yet overdue</td>
<td>58,408,594,74</td>
<td>134,406,061,67</td>
<td>192,904,656,41</td>
</tr>
<tr>
<td>Under six months</td>
<td>67,899,621,15</td>
<td>65,562,455,19</td>
<td>133,462,076,34</td>
</tr>
<tr>
<td>Over six months</td>
<td>18,104,032,61</td>
<td>14,048,921,37</td>
<td>32,152,953,98</td>
</tr>
</tbody>
</table>
About time too!

At long last, the African "poll tax" is to be abolished. Under this archaic system, all African men over the age of 16 — whether they were earning or not — had to pay an additional tax of R2.50 a year.

The abolition of the tax will mean a loss to the exchequer of about R9m, says Horwood. And it will cut down arrests for "Bantu tax infringements." In 1975/76, 36,000 cases of such infringements were reported to the police.

Besides abolishing the poll tax, Horwood said that an interdepartmental committee was at present studying African tax scales and that a "great deal of work has already been done in this regard."

Horwood pointed out that disparities exist between African tax scales and those of other race groups and promised that "attention will be given to this matter" as soon as the committee reports.

Africans in lower income groups are, in fact, taxed more heavily than whites. And they get no rebates for wives and/or children. Removing this inequity is the least government can do to compensate for the damage which the turnover tax will do to the pockets of the poor.
3. NOTES ON VARIOUS TYPES OF FISH

- Tilapia; Moggel;
- Carp; Silver carp

4. PROPOSED DEVELOPMENTS FOR THE FUTURE

Number of taxpayers, and tax assessed

<table>
<thead>
<tr>
<th>Income category</th>
<th>Number of taxpayers</th>
<th>Tax assessed</th>
<th>Percentage of total tax assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss</td>
<td>12 515</td>
<td>176 993</td>
<td>0.86</td>
</tr>
<tr>
<td>1-2 000</td>
<td>200</td>
<td>210 000</td>
<td>0.91</td>
</tr>
<tr>
<td>3-5 000</td>
<td>229 290</td>
<td>2 767</td>
<td>4.14</td>
</tr>
<tr>
<td>6-9 000</td>
<td>171 060</td>
<td>3.34</td>
<td></td>
</tr>
<tr>
<td>10-12 000</td>
<td>147 243</td>
<td>3.34</td>
<td></td>
</tr>
<tr>
<td>13-15 000</td>
<td>137 981</td>
<td>2.02</td>
<td></td>
</tr>
<tr>
<td>16-19 000</td>
<td>130 821</td>
<td>1.78</td>
<td></td>
</tr>
<tr>
<td>20-24 000</td>
<td>121 354</td>
<td>1.64</td>
<td></td>
</tr>
<tr>
<td>25-29 000</td>
<td>101 656</td>
<td>1.57</td>
<td></td>
</tr>
<tr>
<td>30-39 000</td>
<td>80 637</td>
<td>1.21</td>
<td></td>
</tr>
<tr>
<td>100 000</td>
<td>105 693</td>
<td>11.67</td>
<td></td>
</tr>
<tr>
<td>100 000-149 000</td>
<td>54 682</td>
<td>8.55</td>
<td></td>
</tr>
<tr>
<td>150 000-199 000</td>
<td>29 275</td>
<td>4.66</td>
<td></td>
</tr>
<tr>
<td>200 000-249 000</td>
<td>18 344</td>
<td>2.93</td>
<td></td>
</tr>
<tr>
<td>250 000-299 000</td>
<td>12 976</td>
<td>2.09</td>
<td></td>
</tr>
<tr>
<td>300 000-349 000</td>
<td>8 484</td>
<td>1.37</td>
<td></td>
</tr>
<tr>
<td>350 000-399 000</td>
<td>5 805</td>
<td>0.98</td>
<td></td>
</tr>
<tr>
<td>400 000-449 000</td>
<td>4 203</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>450 000-499 000</td>
<td>3 121</td>
<td>0.54</td>
<td></td>
</tr>
<tr>
<td>500 000-549 000</td>
<td>2 328</td>
<td>0.39</td>
<td></td>
</tr>
<tr>
<td>550 000-599 000</td>
<td>5 621</td>
<td>0.95</td>
<td></td>
</tr>
<tr>
<td>600 000-649 000</td>
<td>2 014</td>
<td>0.33</td>
<td></td>
</tr>
<tr>
<td>650 000-699 000</td>
<td>1 602</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>700 000-749 000</td>
<td>241</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td>750 000-799 000</td>
<td>187</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>800 000-899 000</td>
<td>115</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>900 000-999 000</td>
<td>174</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>1 000 000 and over</td>
<td>1 774 175</td>
<td>100.00</td>
<td></td>
</tr>
</tbody>
</table>

The above information was extracted as at 28 February 1978.
2 percent rise nearly will  

Cost of

Sales Tax into the Power

Earnings

The Star Thursday April 20, 1976
balancing role.

The higher groups — and Senbank has estimated that about half of SA’s white households earn more than the “break-even” point of a taxable R10 000 a year — are the biggest spenders on durables and semi-durables. Moreover, they have the effect of actually stimulating their spending.

So if Finance Minister Owen Horwood’s fiscal strategy, does succeed in pulling SA out of recession, the hardship that GST will cause for the poor may prove to be short-lived.

Besides, according to Economic Opinion, Horwood had little choice. Faced with the task of changing the tax structure without dealing a body-blow to the economy, Horwood has used GST to provide a stable tax-source with growth potential, while attempting to stimulate spending by the rich.

But the poor will feel the pinch much more acutely than the well heeled will. The wealthy will actually pay on the tax, because they spend more. Statistics based on a 1975 income distribution survey suggest that on average, 55% of total consumption expenditure comes from the pockets of those earning more than R6 000 a year (now equivalent to about R7 800, after adjusting for inflation).

Senbank’s calculations show that this top income group — which includes roughly 67% of urban whites, but only about 9% of coloured people, 13% of Asians, and less than 2% of Africans — will contribute 50% of total GST receipts.

By comparison, those earning between R2 000 and R6 000 (now R2 600 and R7 800) will weigh in with nearly a third of the total, while the bottom income group will pay the remainder (table 1).

<table>
<thead>
<tr>
<th>Percentage distribution of private consumption per expenditure item (1975) (Table 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
</tr>
<tr>
<td>lower than</td>
</tr>
<tr>
<td>R2 000</td>
</tr>
<tr>
<td>R6 000</td>
</tr>
<tr>
<td>R6 000</td>
</tr>
<tr>
<td>1  Food</td>
</tr>
<tr>
<td>2  Beverages</td>
</tr>
<tr>
<td>3  Tobacco</td>
</tr>
<tr>
<td>4  Clothing &amp; footwear</td>
</tr>
<tr>
<td>5  Housing &amp; electricity</td>
</tr>
<tr>
<td>6  Fuel (gas)</td>
</tr>
<tr>
<td>7  Furniture, household equipment &amp; operation</td>
</tr>
<tr>
<td>8  Servants</td>
</tr>
<tr>
<td>9  Medical</td>
</tr>
<tr>
<td>10  Public transport &amp; communications</td>
</tr>
<tr>
<td>11  Cars, goods &amp; petrol</td>
</tr>
<tr>
<td>12  Entertainment</td>
</tr>
<tr>
<td>13  Education</td>
</tr>
<tr>
<td>14  Medical services</td>
</tr>
<tr>
<td>15  Other</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

| * GST will be paid on most items that fall into categories 1, 2, 3, 4, 6, 7, 11 and 15. |
| Source: Senbank. |

But the poor will find the effective burden much heavier (table 2). Those who earn less than R2 000 a year (R2 600) will pay on nearly 80% of their total consumption expenditure. By contrast, the middle and top income groups will respectively pay GST on 70% and 60% of their total consumption spending.

The reason for this is that in nearly every case the poor spend a higher proportion of their income on consumption that will be subject to GST.

Furthermore, the higher income groups will benefit most from the abolition of the surcharge on personal tax, as well as from lower sales duties and import surcharges.

The bottom income group, on the other hand, will benefit from the abolition of poll tax (R90), a subsidy of R20m for basic foodstuffs, and the extraordinary increase of R10m in social pensions.

But these steps, say Senbank’s economists, “will of course not be sufficient to compensate for the increased tax burden imposed on the lower income groups by the new sales tax.” The fact that the poor will be paying less of the total tax in absolute terms “does no more than restate the fact of an uneven distribution of income, and therefore of expenditure.”

Furthermore, in the absence of any thing to offset the effect of GST — like real wage increases or a further lowering of sales duties on private consumption expenditure — the poor might fall off as they struggle to make ends meet.

Economic Opinion doubts that the present lowering of sales duties will have much effect in offsetting the effects of GST. “In many cases, the lowering of the sales duty has only obviated price increases that had been in the pipeline.”

As far as total consumption expenditure is concerned, however, Senbank feels that tax concessions to the higher income groups will play an important counter...
Mr. H. H. SCHWARZ: Mr. Speaker, arising out of the reply given by the hon. the Minister, as we have previously asked for this information and as it is now available, can it be made available to hon. members of the House?

The MINISTER: Mr. Speaker, I shall immediately take up the matter with the department concerned and see what can be done.
<table>
<thead>
<tr>
<th>1. TAX-FREE</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Post Office savings bank certificates.</td>
<td>½-yearly in arrear.</td>
<td>8</td>
<td>Must be in for 6 months to get 5% interest at 6 months 5%. can be redeemed after 18 months.</td>
<td>Tax-free limit is R800 interest per person.</td>
</tr>
<tr>
<td>2. Treasury Bonds.</td>
<td>½-yearly in arrear.</td>
<td>8</td>
<td>5 years, but can be redeemed after 18 months.</td>
<td>Tax-free limit is R320 interest pa per taxpayer.</td>
</tr>
<tr>
<td>3. Building society special tax-free permanent shares.</td>
<td>½-yearly in arrear.</td>
<td>8</td>
<td>18 months to 5 years; after 15 months available at 3 months’ notice.</td>
<td>Tax-free limit is R800 interest per taxpayer.</td>
</tr>
<tr>
<td>4. National savings certificates.</td>
<td>Interest paid at maturity.</td>
<td>8 in years 1 &amp; 2; 9 in year 3.</td>
<td>3 years, but can be redeemed after 2 years.</td>
<td>Available in units from R1 to R2 000; maximum holding is R5 000 per person; all interest is tax-free.</td>
</tr>
<tr>
<td>5. Building society subscription shares.</td>
<td>Interest paid out at maturity.</td>
<td>Can provide a monthly tax-free income after 3 years.</td>
<td>3 – 20 years, but can be redeemed after 18 months.</td>
<td>Maximum holding is R15 000 per person; dividends are completely tax-free.</td>
</tr>
<tr>
<td>6. Post Office current account.</td>
<td>Yearly in arrear.</td>
<td>5</td>
<td>R100 on demand every 4th day – larger amounts, days’ notice, or can apply to Bloemfontein.</td>
<td>Tax-free limit is R200 interest per person.</td>
</tr>
<tr>
<td>7. Bonus Bonds.</td>
<td>Interest paid on redemption.</td>
<td>5</td>
<td>Indefinite; will be redeemable after 10 years or more.</td>
<td>Available in various denominations ranging from R5 to R500; holders can win special cash prizes.</td>
</tr>
<tr>
<td>8. Endowment insurance.</td>
<td>Interest &amp; capital paid out at death or on maturity; no income paid out during first 10 years.</td>
<td>10 years or more.</td>
<td>If withdrawn before 10 years, proceeds in excess of original investment will be taxed.</td>
<td></td>
</tr>
</tbody>
</table>

2. PARTIALLY TAXABLE INVESTMENTS

| 1. Quoted preference shares. | Normally ½-yearly in arrear. | About 11,5 | Can be sold on the stock market. | Capital value fluctuates, at least 1/3 of dividend portion is tax-free. |
| 2. Quoted ordinary shares. | Normally ½-yearly in arrear. | About 10 | Can be sold on the stock market. | Capital value fluctuates, at least 1/3 of dividend portion is tax-free. |
| 3. Building society fixed-period shares. | ½-yearly in arrear. | 9,5 | Indefinite period, after 15 months available at 3 months notice. | At least 1/3 of dividend is tax-free. |
| 4. Building society indefinite period paid-up shares. | ½-yearly. | 9,5 | Can be redeemed from management company at short notice. | Capital value fluctuates, at least 1/3 of dividend portion is tax-free. |
| 5. Unit trusts. | Can be paid quarterly. | Depends on unit, varies from about 6 to about 9 | Can be redeemed from management company at short notice. | Part of income is tax-free; this depends on age and sex of investor; investor or his beneficiaries will receive no capital back. |

3. FULLY TAXABLE INVESTMENTS

<table>
<thead>
<tr>
<th>1. RSA</th>
<th>½-yearly in arrear.</th>
<th>8,75 – 10,75</th>
<th>Varies</th>
<th>Can be sold via JSE; price will depend on interest pattern ruling.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public corporation stock</td>
<td>About 11,3</td>
<td>Varies</td>
<td>Capital value fluctuates; at least 1/3 of dividend is tax-free.</td>
<td></td>
</tr>
<tr>
<td>Municipal stock Debentures</td>
<td>About 11,3</td>
<td>Varies</td>
<td>As with RSA.</td>
<td></td>
</tr>
<tr>
<td>4. Fixed deposits.</td>
<td>Varies</td>
<td>From 8 to 10.</td>
<td>Varies from 31 days to 5 years.</td>
<td>Interest rate varies depending on period for which money is invested. Rates for estate duty abatement can be redeemed after 1 year. Minimum amount normally specified and often restrictions on the number of withdrawals that can be made per month; maximum amount R25 000. Money is easily and usually immediately available.</td>
</tr>
<tr>
<td>5. Defence bonds.</td>
<td>½-yearly in arrear.</td>
<td>9,5 pa plus 3% premium on maturity.</td>
<td>5 years</td>
<td>Pays no interest and capital value can fluctuate; normally tax-free, although it has been indicated that the profits on Krugerand devalues will be taxed.</td>
</tr>
<tr>
<td>4. OTHER.</td>
<td>Gold coins, paintings, etc.</td>
<td>Nil</td>
<td>Can be sold if buyer can be found.</td>
<td></td>
</tr>
</tbody>
</table>
The Easier Way to Play the JSF
Burden on taxpayers

Isn’t it about time the Prime Minister took a long, hard look at his Minister of Information? Dr Connie Mulder is fast becoming an unsupportable burden on Mr Vorster. For the sake of the Government’s reputation alone, it might be an idea for Mr Vorster to suggest that Dr Mulder leaves the political stage and returns to teaching. The taxpayers will be happier, the Department of Information can get back to informing the world about South Africa instead of daily having to defend itself against new revelations of mismanagement and whoever becomes Minister of Information can concentrate his energies on that important job.

Dr Mulder is an energetic fellow. He has been waiting in the wings to take over Mr Vorster’s job for so long that there is reason for him to feel restless. But is it really necessary for him to fly off on a so-called top-secret diplomatic visit to Egypt at a cost of R25,000? Is it necessary for his wife to go along on the jaunt as well? Is it necessary for Dr and Mrs Rhodie to accompany them with an unspecified number of other officials? What was the purpose of going on to Rome and Bonn? And why did some members of the party go to Britain and others to Copenhagen?

And surely it is an elementary precaution to get visas to enter Egypt before this bit of jet-setting began? Further, could Drs Mulder and Rhodie explain why Egypt, of all places, is considered to be a priority in South Africa’s diplomatic initiatives?

These are important questions. It is no good Dr Mulder merely saying “no comment!” when asked about a R25,000 ‘trip at taxpayers’ expense. Nationalist ministers may have forgotten it, but there is a principle called public responsibility.

No one is suggesting that anybody is doing anything dishonest. It is just that Drs Mulder and Rhodie appear to be less than careful with taxpayers’ money — and then get annoyed when details of their travels are made public. It is sheer arrogance that they do not feel accountable for their spending of public money.

This is where Mr Vorster comes in. As a skilled politician he knows that the man-in-the-street does not begrudge it if his taxes are devoted to worthwhile objects. But he does object to learning — years afterwards — that he is paying bills for Dr and Mrs Mulder and Dr and Mrs Rhodie at the Athens Hilton. It has got to stop.
Sales tax decision expected next week

The Government is expected to announce early next week whether the new general sales tax will be an "add-on," "add-in" or "free choice" system.

If an "add-on" system of collection is introduced, retailers will have to calculate the tax from a customer's final invoice and add it to the invoice.

Under an "add-in" system, the retailer would include the tax in his price for an article.

A "free choice" system would allow traders to choose whether they want to collect the new tax by adding it on or adding it in.

Mr W J H van der Walt, Secretary for Inland Revenue, told The Star today that his department would be "led exclusively by the trading community" on which the system will be employed.

He said the department had consulted Assocom, PCT and the Afrikaanse Handelsinstituut for their views.

Mr van der Walt said if traders favoured a free-choice system, the department could agree to this. He added steps would be taken, however, to ensure that "no undue advantage could be taken which would disrupt trade patterns."

Assocom reports divided opinion among its chambers regarding the best system.

Chambers canvassed on April 13 were more or less evenly divided in opinion. Mr Raymond Parsons, executive director of Assocom, said in a statement today.

In a second poll the majority of chambers (81 to 14) favoured a choice being permitted.
New tax ‘can bankrupt small towns’

PRETORIA Bureau
TRANSVAAL local authorities face a financial year of crisis. Some of the smaller municipalities could be forced to the verge of bankruptcy, the NRP's Provincial Council spokesman on local government, Mr J P Oberholzer, said in Pretoria yesterday.

Mr Oberholzer, who is also chairman of Johannesburg’s management committee, said yesterday the last straw which could break the backs of many small local authorities was the general sales tax to be introduced on July 1.

The tax would intensify the grave financial difficulties in the larger local authorities.

The new Transvaal municipal financial year starts on July 1.

"Because of the potentially disastrous effect the 4% sales tax will have on costs of municipal purchases, a Transvaal local authorities deputation is to ask the Minister of Finance on behalf of all Transvaal municipalities to suspend sales tax on municipal purchases," he said.

In Johannesburg, with its R400-million budget, ratepayers would have to pay an additional R5-million because of the tax. Mr Oberholzer pointed out that small local authorities had taxed property owners to the absolute limit and had no other tax source.

"We have asked time and time again for supplementary tax sources, but the Government has turned a deaf ear. Instead, the government is now using us as an additional tax source."

Gst choice

Add-on or add-in? Government’s decision on the system to be adopted for implementation of the new general sales tax (gst), which is expected after next Tuesday’s cabinet meeting, will not be easy. The arguments for and against both are equally persuasive (PM April 7).

Meanwhile, discussions between business and government have proceeded apace. The optimistic scenario is that government will adopt the recommendation put forward this week by Assocom that individual businessmen should be free to choose whichever of the two they wish to apply — with the strict proviso that it be made obligatory for traders to indicate clearly under which system they are operating.

Such a choice should help smooth gst’s introduction. An Assocom poll has shown business opinion evenly divided as to the system it wants and that businessmen are overwhelmingly in favour of being given a choice.

The attitude all along of Inland Revenue Secretary Mick van der Walt is that a trade could apply either system so long as the whole trade adopted it. This would prevent consumer confusion. He is concerned too that there should be no room for consumer abuse.

One of the strongest arguments in support of add-in (where one price is shown) is that buyers know exactly the price of an article when they select it and not later at the pay point. Where there are large numbers of unsophisticated consumers, as in SA, arguments at the checkout must be avoided.

But in Rhodesia, where the population mix is similar, individual traders were permitted a choice. Most initially opted for add-on. Later, the great majority switched to it.

In SA, there should be no objections to the two systems running side-by-side. It makes no difference to government how it collects its revenue, so long as it is efficiently collected and so long as there is no excuse for profiteering.

With the educational and public relations elements so important in gst’s introduction, traders themselves are best equipped to decide how to handle their customers. And the method more convenient to them.

So long as there is the safeguard of traders clearly displaying the system being used, government should give the okay to a free choice.
The Star

Signpost that sales tax

WHEN the general sales tax comes into effect in July, the weekly family shopping bill will immediately leap by rands. And it is the poor man who will be the most likely victim if consumers are not protected from the manipulations of unscrupulous traders. It has already been shown by a University of Pretoria survey that some retailers make more profit out of the black man than the white.

Merchants will be allowed to decide for themselves whether to "add in" the tax on individual items or add it on to the total purchase. Most supermarkets are likely to "add in" to avoid expensive modifications to their tills. Their decision has a sound practical basis, but it could cost the consumer a few extra cents if the fractions of tax are rounded off upward. The "add on" system has the unpleasant psychological element of a surprise at the till.

After an experimental period, it is hoped, experience will have shown which is the better system for general implementation. Some of the confusion will then be eliminated automatically. In the meantime it will be in the best interests of reputable traders — as organised commerce has already admitted — to display prominently in their stores and their advertising how the tax is being applied. They will then have done their best to minimise the frustrations which the heavy round of price increases is bound to generate — and help the shopper to detect exploitation elsewhere.
ASSOCOM has appealed to the authorities to introduce a wide-ranging educational programme on the new general sales tax to keep confusion to a minimum.

In a statement yesterday the association welcomed the government decision to allow businesses to decide for themselves whether to apply the tax on an add-in or an add-on basis. "There are strong arguments for both systems and the only way to settle the question is to test it in practice," it said.

The Department of Finance recommended that the method to be used by individual businesses should be prominently displayed.

The add-on method, which entails application of the tax at the till, has the advantage of making the exact amount of the tax evident to the purchaser who can also check that it is correct. It would, however, create an extra burden for cashiers and delay customers.

With the add-in method, the tax is included in the purchase price of the article as marked in a store. This enables buyers to know exactly what they will have to pay and avoid mistakes and delays at the till, but inevitably commerce will be blamed for price increases caused by the tax.

Introduction of the tax, originally scheduled for July 1, the first Saturday in the month and traditionally one of the busiest shopping days, has been delayed to July 3 to reduce introductory problems.
Guidance on new tax soon

The decision on whether the general sales tax (to be introduced in July) will be add-in, add-on or a choice for the tax vendor will be made public in the next few days, according to Micky van der Walt, Secretary for Inland Revenue.

The move follows urgent requests from all the large business organisations, such as Assecom, and the Federated Chamber of Industries and the Afrikaanse Handelinstinstituut, to initially allow a "free choice" rather than laying down either add in or add-on. This, say the organisations, would make for a smoother introduction of GST in the short term.

The add-in system (with the retail price to the consumer including a tax percentage) and the add-on (with the tax calculated on the total purchase amount at the payment point) have an equal amount of supporters in both industry and commerce.

But the advantages and disadvantages of both systems in certain sections have led to the "choice" being the private sector's request.

While this is the commercial case, the Government decision could be for uniformity on a national basis for either add-in or add-on.

According to Van der Walt, the Inland Revenue Department does not mind what the final decision is.

He said: "As far as we're concerned we see the difference as not being important from the tax point of view. According to Section Eleven of the GST Act, the basis is against the total turnover. Whether add-in or add-on is used the turnover would be the same."
Harare 12 May 1978

Question 624, Col. 466.

X Taxes collected from Blacks

624. Mrs. H. SUZMAN asked the Minister of Plural Relations and Development:

(a) What amount in taxes was collected from Blacks in terms of the Batini Taxation Act in the financial year 1976-77 and (b) how many Blacks paid tax on income in that year.

The MINISTER OF PLURAL RELATIONS AND DEVELOPMENT:

(a) R66 707 606.
(b) 3 259 066.
BY ALAN PEAT, Finance Editor

For Big Retailers

Tax Headache

Add-in of add-on-charges could confuse buyers

THE GOVERNMENT
The Assembly — The Minister of Plural Relations and Development, Dr Mulder, said yesterday 3,258,086 blacks had paid R86.7 million in terms of the Bantu Taxation Act in the 1976/77 financial year.

He told Mrs Helen Suzman (PFP, Houghton) he found the figures "very interesting" as "so many white people are under the impression that blacks pay no taxes at all."

She pointed out that blacks started paying tax at an income level of R360 a year while whites started paying at a much higher level.

Mrs Suzman was strongly critical of another reply to a question by Dr Mulder concerning expenditure on housing by the Bantu Affairs Administration Board.

Figures supplied by Dr Mulder showed that the West Rand Board had spent R1,713,200 on housing in the 1976/77 financial year.

"If one could calculate housing per head, this would constitute less than R1 a head in Soweto," she said.

The priority list then showed a backlog of 10,000.

"One hopes that a large proportion of the R50 million which has been allocated for black urban housing will be spent in Soweto," Mrs Suzman said.

Pointing to the R258,115 spent by the Peninsula Board she said: "This is the reason for all the squatter camps. Of course, it is part of the policy not to provide family housing in this area, but they don't even keep up with the natural increase of blacks entitled to be in the area."

The highest amounts spent in the year were in the East Rand — R4,497,606 — and the Vaal Triangle — R4,457,388.

In Natal R398,588 was spent by the Northern Natal Board, R1,532,003 by the Drakensberg Board and R1,214,184 by the Port Natal Board. — DDC.
New tax to cost family R70

JOHANNESBURG — The new general sales tax will cost the breadline Soweto family about R70 a year, Mr Eugene Roelofse, Ombudsman, for the South African Council of Churches, predicted yesterday.

Addressing a meeting of the Housewives' League of South Africa in Kempton Park, Mr Roelofse said the present proposal that the new point-of-sale tax should extend to foodstuffs would place an "indefensible burden on the poor."

Those earning more than R6 000 a year would pay tax on 60 per cent of their expenditure, he said. Those who earn between R2 000 and R6 000 would pay on 70 per cent of their expenditure, while those who earned less than R2 000 would pay tax on 80 per cent of their expenditure.

Mr Roelofse said for a family of five in Soweto living on a minimum income of R158.34 a month, income and expenditure level would be almost identical.

This family would pay the new tax on 93.5 per cent of their gross expenditure. — SAPA.
Boost to business confidence

THE announcement by Dr T W de Jongh, Governor of the Reserve Bank, of a 4% easing in the ceiling on bank lending is welcome. It should give a further boost to business confidence.

It will also help ensure that if the hoped-for economic upturn does materialise in the second half of this year, it will not founder on a too restrictive monetary policy.

But there is unlikely to be much immediate effect from the change. Most banks are underlent at the moment. Easing the lending ceiling does not automatically mean a big cash injection into the economy, although it will make about R250-million potentially available.

It seems the long economic recession has finally bottomed out, but what is still uncertain is the firmness of the base for a solid upturn. The Government must be prepared to strengthen that base if more stimulation is needed in a few months' time — an obvious way being to make more reductions in the old sales duties when the new general sales tax comes into operation in July.

A critical problem is how to reconcile South Africa's need for continuing declining interest rates with rising rates overseas, particularly in the US. The fear is that South African traders might switch heavily from overseas to domestic financing and thus put severe pressures on the foreign exchange reserves.

For this and other reasons some commentators have called for a rand devaluation — technically by "floating". We don't share this view. Experience suggests that a devaluation in South Africa needs to be accompanied by a hefty deflation to curb imports.

It would be better to tackle the interest rate dilemma by direct methods — by tax concessions for overseas borrowing and by changes in forward cover policy.
Big food chains choose tax ‘add-on’

Three of the major food chains, OK Bazaars, Pick 'n Pay and Spar, announced today that they will use the “add-on” system of pricing goods when the new general sales tax is introduced on July 3.

This means that they will add the four-percent tax to a customer’s final invoice rather than including it in the price of each article.

In terms of an announcement by the Minister of Finance, Senator Horwold, retailers can choose whether they want to use the “add-in” or “add-on” methods of collecting the tax.

The “add-on” system has been criticised by consumer organisations who fear that the computerised cash registers needed to make this system work effectively will push up prices.

Mr Meyer Kahn, joint managing director of OK, said they would be making no substantial capital investment on new cash registers at this stage. About one-fifth of their total cash registers were electronically geared to cater for tax, he said.

Mr Raymond Ackerman, managing director of Pick 'n Pay, said about 80 percent of Pick 'n Pay’s tills could not be converted to enable them to calculate this tax. With these tills, cashiers would use a chart system to calculate the four percent owed. Pick 'n Pay’s other tills could easily be converted, he said. This would cost about R10 000.

He said that if their entire range of tills were either scrapped or altered to enable tax to be calculated electronically, the total cost would amount to R3 or R4-million.

Mr S. P. Levy, group marketing manager of Spar, said that as the shops in the Spar organisation were individually owned, it would be up to each shopowner to decide whether to buy new cash registers or to use the Government tax tables.
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Representatives for the OK Bazaars and Pick ‘n Pay said they would use tax tables to calculate the tax payable. A certain percentage of Pick ‘n Pay’s tills could be converted, and one-fifth of the OK’s tills could be used for tax. A spokesman for Spar said each shop owner would decide whether to buy new tills or use the government’s tax tables.

The joint managing director of OK Bazaars, Mr Meyer Kahn, said yesterday that abuse of the “add-in” system could lead to exploitation of the consumer.

The method would also eliminate the need for double pricing of goods before the new tax begins.

Most other large store chains have indicated that they will apply the tax on the “add-on” basis.
Read a decision

richard paradise

could be a

Bohophuthatswana

media in South Africa, and what the effect would be if the authorities did not follow suit.

In South Africa, the tax on income is small and the effect would be if the authorities did not follow suit.

in bohophuthatswana

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Tax cuts urged by business chiefs

Michael Chester, Financial Editor

The Executive Council of Assocom, the top echelon of business, today urged Senator Horwood to make new cuts both in direct taxes and sales duties in a package of moves to prod the economy into faster tempo.

The objective is to make consumer spending power the spearhead of the economic recovery — with lower sales duties to counter the impact of the July 3 general sales tax on shop prices.

Assocom framed its recommendations to the Minister of Finance at a closed two-day session in Johannesburg to see how the 1978 budget can be reinforced with a new round of stimulants.

Executive Council members are fearful that latent business indicators — in manufacturing production and retail and wholesale trade — show that the economic recovery that began at the start of the year may lose its steam unless given a fresh push.

The policy package, which Senator Horwood is urged to introduce covers:

- Further reductions in direct taxation are unlikely to have an adverse impact on the balance of payments in the short term.

- Changes in interest rates and exchange rates policy — with quick action on the De Kock Commission on money policy as soon as its report is ready.

- Phasing out of existing sales duties, and the import surcharge to offset the possible inflationary effect of the general sales tax and higher administered prices.

- Selective increases in government spending on labour-intensive projects, along with more speed with state schemes such as the electrification of Soweto.

- Greater discipline in the pricing policies of State corporations and agricultural marketing boards.

THE FUEL

Assocom is the latest in a string of powerful business voices which have advised the Minister of Finance that the budget measures alone will not be able to provide all the fuel needed for economic recovery.

Barclays National Bank and Stellenbosch: University researchers have also stated that more stimulants will be vital if growth targets are going to be hit.
In the Long Run The Public Will Pay
from July 3
will pay
What You
Weekend Angus reporter
By

Many prices should
have dropped—by now.

Full tax table...
Bus fares to rise up to 50pc

Soaring municipal tariffs will hit Johannesburg during the next few months when bus fares will rocket by up to 50 percent, parking fees by up to 33 percent, and water tariffs by an average of 9.5 percent.

Rising costs to the city council, totalling millions of rands, is the reason given by the council's management committee for the proposed increases.

The increases will be put to the city council for approval next week, and are likely to begin taking effect in August and September.

- **Bus coupons** will cost 12.5 percent more.
- **Cash fares for trips in zones 1-3** will increase from 30c to 30.5c; an increase of 1.7 percent. For zones 2 and 3, cash fares for blocks will increase from 30c to 39c.

20% per unit

- **Cash fares for white, coloured and Indian passengers** will increase by 20c for one zone, 30c for two zones, 40c for three zones, and 50c for four zones. This means an increase of 30 percent for zone 1, 34 percent for zone 2, 31 percent for zone 3, and 19 percent for zone 4.
- **Schoolchildren's coupons** will increase from 30c to 50c.
- **All-day monthly season tickets** will cost about 10 percent more. Off-peak monthly tickets will remain unchanged.

A new yearly bus season ticket will be introduced.

**Parking**

- **Tariffs at municipal parking grounds** will remain unchanged for parking of up to three hours. Fees will be increased by 10c for each additional hour.
- **This means that open parking grounds such as those in Clermont Street, Godfrey Street, Albert Street, and Wernher, parking for six hours or more will increase by 50 percent.**

**Water rise**

- A new differential water tariff will favour householders who use little water. There will be no tariff increase for the first 5,000 liters (liters) a month. For water in excess of 25 kl, there will be a 10 percent increase in tariff.

This means an average increase of 2.6 percent for the city. But for the average householder who used 40 kl a month, the monthly water account will go up by only 43c.

The proposed water increase will be the third to hit the city in the past year. The last increase of 7 percent in April was due to a Rand Water Board increase. There was a council increase last August.

Increased water charges will cost the consumer R1.6 million in the next year.

Bus fares and parking tariffs were last increased a year ago; parking tariffs by an average of 20 percent, while the new zones system completely revised the bus fare structure last year.

The proposed bus fare increase is designed to reduce the expected deficit on the bus service from R5 million to R8 million.
Computerware tax clarified

By PENELope GRACIE

CLEARED up the issue this week.

"As things stand it is proposed that standard software packages will be regarded as tangible moveable goods and as such will be taxed."

Where a computer user orders a system to be tailored to his particular needs, that is seen as a professional service and packages sold will not be subject to any tax.

It is likely that the software package companies will fight this issue.

They argue that a software package which gets recorded on a large tape or on a punch card which is held by the software company, is not really a tangible moveable asset.

the companies do the same thing."

The computer companies selling software packages are more concerned that the industry acts in concert than they are by the fact of the tax.

The use of software packages in this country is growing but to date it is still a small sector of the market.

Sales, excluding those that are hardware related, are estimated to amount to around Rs-5m a year while processing, installation and servicing of computers on the other hand is a far larger sector of the market.

This sector of the market is not likely to be burdened by tax.

Van der Walt returns that the situation is not that different from a record where the master tape is held by the record company.

As he comments, the record sold in the shop, a copy, is subject to tax and so will the standard software packages sold by the industry.

He makes the point that standard software packages will be the only ones taxed and that those commissioned by the user or specially built for a customer's system will be seen as a service and hence will not be taxed.

As one computer man remarked this week:

"The tax is not really going to affect sales. Someone prepared to pay Rs10 000 for a package is not going to quibble over Rs60 for tax. The main thing is that all
Experts sound warning on new sales tax

INTRODUCTION of the 4% General Sales Tax on July 1 must be postponed, say two top experts on economics, and the whole project reviewed.

They believe South Africa's poorest Blacks simply cannot afford the additional burden.

Blacks are already hit by:
- A national increase of 9.6% in the cost of breadline survival;
- Double this increase in Reef towns (which hold the greatest concentrations of urban Black families) mainly because of increased fees and rents imposed by administrators of Black townships;
- Increases of more than 10% in the cost of milk and milk products which takes effect from July 1. While the overall inflation rate has dropped for the fourth successive month, this success has been achieved at the expense of lower-income Blacks who are paying a disproportionately high share of the sacrifices demanded.

The General Sales Tax, budgeted by Finance Minister Owen Horwood to raise R1.600 million a year, will add another cost to the basic foods of the poorest.

Professor Gideon Jacobs, political economist and head of the Witwatersrand Graduate School of Business Administration, told the Sunday Express this week: "This is a fresh, if unintended, discriminatory burden on Africans. Its implementation contains the grassest implications."

"It will certainly aggravate the situation in places such as Soweto, where the last disturbances cannot be said to be completely over."

By DEREK TAYLOR

on economic affairs, said: "The case for postponement and reconsideration is unanswerable."

"If the Government ignores the danger signs it will be up to employers to take a hard look at helping the situation.

"Reasons of self-interest dictated by our present social climate, as well as humanitarianism, indicate wage increases to counteract the effects of the tax on people who will not be able to afford survival foods."

A man on the Johannesburg breadline wage of R54.40 a month spends two-thirds of his money on staple foods and household items.

The new tax would take him R4 or more below his breadline level — without taking into account the continuing widening gap between prices and wages.

"The only relief the African has had is withdrawal of the poll tax — and that was only R2.50 a year," said Mr Schwarz.

THE BREADLINE BREAKDOWN

HERE'S what it costs an African family of six to survive in Reef towns for one month:

<table>
<thead>
<tr>
<th>TOWN</th>
<th>AMOUNT (R)</th>
<th>INCREASE (OVER LAST YEAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johannesburg</td>
<td>154.90</td>
<td>14.6%</td>
</tr>
<tr>
<td>Benoni</td>
<td>149.24</td>
<td>17.4%</td>
</tr>
<tr>
<td>Boksburg</td>
<td>149.46</td>
<td>19.5%</td>
</tr>
<tr>
<td>Brakpan</td>
<td>151.25</td>
<td>20.9%</td>
</tr>
<tr>
<td>Germiston</td>
<td>148.35</td>
<td>18.8%</td>
</tr>
<tr>
<td>Krugersdorp</td>
<td>149.15</td>
<td>16.0%</td>
</tr>
<tr>
<td>Springs</td>
<td>148.58</td>
<td>18.9%</td>
</tr>
<tr>
<td>Vaal Triangle</td>
<td>152.60</td>
<td>16.6%</td>
</tr>
<tr>
<td>Cape Town</td>
<td>150.61</td>
<td>11.6%</td>
</tr>
<tr>
<td>Durban</td>
<td>135.23</td>
<td>8.3%</td>
</tr>
</tbody>
</table>
Bus tickets at the bank in new city fare plan

Johannesburg's most expensive bus ticket will cost R108 in a new fare structure to be put to the city council tomorrow.

It will be a new yearly ticket, which could be sold through banks and financial institutions, as is done in Europe, thereby spreading the cost of what would be a big capital outlay for the bus commuter.

The yearly ticket will cost 11 times as much as monthly season tickets. There will be all-day and off-peak yearly tickets.

All-day monthly tickets are to cost about 10 percent more than at present. This means the all-day yearly tickets will cost R79 for Zone 1, R119 for Zone 2, R138 for Zone 3 and R198 for Zone 4.

Off-peak monthly tickets are not going up in price. Yearly off-peak tickets would thus cost R44 for Zone 1, R68 for Zone 2, R88 for Zone 3 and R110 for Zone 4.

The proposed new fare structure will make existing monthly season tickets more economic compared with one-journey coupons.

Books of single coupons will cost 20 percent more, while all-day monthly tickets will increase by about 10 percent.

The new all-day monthly ticket price will cost as much as 60 coupons, compared with 41 coupons at present. Prices (with the old prices in brackets) are:

Zone 1 — R7.20 (R5.50),
Zone 2 — R10.80 (R8.80),
Zone 3 — R18.14 (R15.10),
Zone 4 — R18 (R16.50).

Transport officials have reported a two percent decline in white bus passengers since the zone fare structure was introduced last September. This decline is not as bad as the 2.7 percent fall the previous year and 3.53 percent the year before that.

DECLINE:

Last year fares increased by as much as 89 percent and passengers in the outlying zones three and four declined by 22 percent and 31 percent.

But in zones one and two, which have 80 percent of passengers, there was a slight increase in patronage of two percent and six percent respectively.

The proposed new bus fares, which include increases of up to 50 percent for cash fares, will need the approval of the Local Road Transportation Board and may be introduced on August 1.
As Prices Roost

Outlook is Bleak

By Gerald R. Bley"
Taxing share profits

Instead of trying to distinguish between income and capital, why not simply tax according to a time-scale?

For years, the investment community has violently opposed any suggestion of a capital gains tax. Now, it is much less sure. Leaders of that same community are looking to the heavens and pleading for anything, even a capital gains tax, to relieve the confused tax situation now bedevilling investment decisions (FM May 12).

The current confusion arises from two recent developments. First, taxpayers now must declare in their tax returns full details of all share and property transactions. And, even more ominously, tell the Receiver why they think these should not be taxed.

Second, the Appellate Division of the Supreme Court declared in a recent case involving a JCI investment subsidiary, Barnato Holdings, that share profits are taxable when the making of such profits is “an integral, albeit secondary” part of a business.

Neither development, Inland Revenue Secretary Mick van der Walt insists, implies any change in departmental policy. Irrespective of the share or property buyer’s or seller’s intention, the product of a trade is taxable. If an individual or corporation is trading in shares or property, the profits that accrue are subject to tax.

There is no argument about that. Indeed, his view is endorsed by Businessman’s Law: “While the new requirement in the income tax return should not be a substantial cause for alarm except to dishonest or ill-informed taxpayers, it may indicate a shrewd anticipation by the department that it will make possible the scrutiny of all share profits and the collection of any tax payable.” But it does possibly — even probably — indicate that the department may be taking a different view of those “casual” — and very occasional — share trading profits that even the honest taxpayer has regard as a capital gain.

As for the Barnato judgment, which is more likely to affect companies than individuals, tax consultants agree that the court’s finding is perfectly consistent with previous rulings.

Why then all the bother?

Quite simply, the market is in trepidation, not so much of a changed policy, as of a tougher attitude from the Receiver. Over the past two years, more taxable profits have been made than allowable losses. The Receiver — who is by law able to go back three years if he wishes to re-assess a taxpayer — will be getting the information he needs to decide which private investors to tax as traders.

It is this potential retrospective aspect that is scaring them off the market, rather than the fear that they may be taxed on their current gains. If their dealings this year are taxed, that may be not so bad — but they don’t want to run the risk of having earlier assessments re-opened.

Corporate investors who never before were taxed as traders are shivering in the wake of the endorsement given the Receiver by the Barnato judgment.

No one is sure who is going to be taxed and who is not. There is nothing worse for a stock market than uncertainty. And, on the JSE right now, it is uncertainty that prevails.

That such prominent investment managers as Unit Trust Association chairman Randle Carter and UAL’s Alister Colquhoun have suggested that even the introduction of a capital gains tax on share transactions might be preferable to the present uncertainty indicates just how serious is the concern of investors.

The JSE, too, is worried. Acting President Richard Lurie is “giving attention to the matter.”

A big snag of the present system is that it is up to individual tax assessors, who have wide discretionary powers, to decide, on the basis of intention and frequency of share portfolio changes, who is a trader and who is not. In practice, one assessor might well decide that one investor is a dealer (and hence subject to his marginal rate of tax on share dealing profits) and, on exactly the same facts, another assessor might decide otherwise (and then the investor’s profits, as capital gains, are free of all tax).

Another fault of the present hit-and-miss system is that, if an investor believes he has been unjustly assessed, he has to go through the lengthy procedures of the Income Tax Special Court to prove it. The onus of proof rests on the taxpayer, and it sometimes takes over five years before there is a decision.

A straightforward capital gains tax is not an acceptable answer. The 1969 Franszon Commission proposed its introduction in mild form, but left wide open the crucial distinction between capital and income. Unless that distinction is sharply drawn, which is virtually impossible, such a tax would clear neither the uncertainty that exists between “capital” and “income” share dealing profits, nor...
leave long-term investors with any assurance that their gains are tax-free.

Continuing the present system is even worse. To leave investors in confusion is to scare them from the market. To tax share dealing profits — at the maximum marginal rate of 66% for private individuals, and the 43% company rate for corporations — is to risk making the stock market so unattractive as to endanger its primary function of raising capital for industrial expansion.

Before a satisfactory compromise can be reached, it has first to be recognised that there exists no easy distinction between "capital" and "income" profits so far as share and fixed property transactions are concerned. At best, the distinction is an arbitrary one, so what should now be considered is a purely mechanical test — based solely on the length of time an asset is held before resale, rather than on some hypothetical intention — to differentiate between them in a system that would tax all such transactions, without exception.

If, for example, such an asset is held for less than, say six months, gains would be taxed at the individual or company rate. Genuine traders, both corporate and individual, and stockbrokers trading on private account, would thus be taxed at income rates on the "income" they generate from share-dealing, which cannot be considered unreasonable.

If the asset had been held, say, for a year before resale, the rate of tax might drop to 50% of the respective rates; if for two years, perhaps down to 25%; and so on down a scale that would see such assets untaxable on resale after being held for a defined period of, possibly, five years.

Most overseas revenue authorities have given up the struggle of trying to differentiate between income and capital where the accretion derives from the sale of this type of asset. And most argument overseas is currently concentrated on "how long is long-term," and on the appropriate scale rates of taxation.

So let us work out an equitable system for ourselves. If a capital profit is made "overnight," let us acknowledge that it is income, and tax it as such. If the gain matures over time, then let the taxman moderate his claims. And if a profit results from any investment held — for whatever reason — for more than five years, then don't tax it at all.

Secretary Van der Walt will not commit himself but is a willing listener: "I welcome suggestions in that direction. We always are in the market for recommendations of tax reform."

And reform is what we must have.
GENERAL
There are no wall plugs in any of the dormitories and all the hostels have really dirty walls. Clearly none have been painted since first being built.

Taxing share profits

Instead of trying to distinguish between income and capital, why not simply tax according to a time-scale?

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Lurie . . . time for contemplation

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TOWNSHIP POPULATION BY SEX OVER 16:

<table>
<thead>
<tr>
<th>Men in families</th>
<th>Women in families</th>
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<tbody>
<tr>
<td>OVER 16</td>
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GST 320 FM 2/6/78

It doesn’t add up

The supermarket world is in a furore. Raymond Ackerman is prepared to ask government to step in to prevent Checkers stores from going ahead with the plan to apply the add-in method of general sales tax. Ackerman, Pick n Pay MD, thinks that it is ridiculous and confusing for supermarket chains to operate different systems.

On the other hand, Bob Harvey, Checkers’ executive vice president, says that they decided to use the add-in system on the basis of what consumers wanted. According to him, they conducted a survey into consumer attitudes and only finally decided to plump for the add-in system after it was evident that over 70% of housewives would prefer it.

What may be confusing is that Pick n Pay originally was in favour of using the add-in method — if it was applied universally. Ackerman explained that when government allowed either system to be practised, both Woolworths and OK Bazaars decided to apply the add-on system. In the interests of trying to ensure that the same system would be used within all the supermarket chains he decided to investigate the add-on system further.

Ackerman maintains that Checkers agreed to follow the lead set by Pick n Pay in whatever decision was made. He spent 10 days in Europe examining the position there and became convinced that the add-on system would benefit the consumer more. On his return, he main-

tains, he informed Checkers about his decision, and it agreed to go along with the same method, but told him last Friday that it had adopted for the add-in system instead.

Ackerman argues: “This is not the time to look for marketing advantages.” He is very worried that the implementation of different systems will wreak havoc on the market. In his own words, supermarkets and hypermarkets “have all got to follow the same system.” Consumer surveys undertaken by Pick n Pay have shown that consistency in applying the tax is the most important consideration among shoppers. Otherwise, he argues, price comparison becomes impossible.

But in that case, which is best? Checkers maintains that, from the consumers’ point of view, the add-in version will ensure there will be no delays at the checkout till and that “the price you see is the price you pay.” This is obviously an important consideration for the less-educated shoppers in the lower-income group who might otherwise be embarrassed at the till.

Checkers assistant vice president Harold Greenstein elaborates: “The housewife can see the full cost of each item as she takes it off the shelf. There is no shock for her when she reaches the checkout counter.”

Ackerman and Meyer Kahn, MD of OK Bazaars, argue that there will be no problem with add-on at the checkout counter since it merely involves reading a figure off a chart and ringing it up on a till.

Moreover, Ackerman suggests that under the add-on system you can compare prices with their pre-tax levels and you can be sure that the tax you pay is 4%. He maintains that when goods are re-marked for the add-in price you cannot be sure that only 4% has been added.

Greenstein argues, however, that the competitive process will ensure that Checkers’ prices remain competitive.

<table>
<thead>
<tr>
<th>Guguletu</th>
<th>Total</th>
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GUGULETU

IN TOWNSHIPS

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<th>TOTAL LEGAL POPULATION IN TOWNSHIPS</th>
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<td>31 713</td>
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Note: Approximately 100 000 people live 'illegally' in the Peninsula, i.e. are here without formal permission.

CHAPTER 2. LANGA

Each kind of accommodation is dealt with separately here, starting from the quarters that house the most men and progressing to the quarters where the least number of men live. It might be mentioned that of all the townships Langa provides far and away the most accommodation for men living singly in the Peninsula. For a comparison to the conditions found in Langa, see the Cape Town City Council building regulations (Pg.58)
New tax will hit poor — Schwarz

THE ASSEMBLY — The general sales tax to be introduced next month would contribute to the instability brought about by inflation, the chief Opposition finance spokesman, Mr Harry Schwarz, said yesterday.

Opposing the second reading of the Customs and Excise Amendment Bill, Mr Schwarz (PFP, Yeoville) said the tax should not be imposed under the present circumstances.

"It unfairly discriminates against the lower income groups who cannot afford it."

If inflation could not be kept under control, it would lead to instability. By maintaining the present sales duty, while adding the general sales tax, the Government was contributing to the instability brought about by inflation.

The tax would result in double taxation of consumers already suffering from high rates of inflation, he said.

Mr Barend du Plessis (NP, Florida) said it was irresponsible of Mr Schwarz to accuse the Minister of Finance, Sen Horwood, of hitting the poor.

The five per cent reduction in sales duty meant in reality that for every R20 spent, Sen Horwood lost a rand of income while the consumer gained R1.40.

Mr Schwarz should get off his political hobbyhorse when the Assembly was discussing matters of this nature and contribute to matters that would benefit South Africa, Mr du Plessis said.

Mr Bill Sutton (NRP, Mool River), said the NRP would support the Bill as Sen Horwood was trying to obtain a balance between the increasing revenue of sales tax and a corresponding relaxation of sales duty.

Yet, he did not believe that sales duty would be abolished. Its retention would allow Sen Horwood to take advantage of an improvement in the economy. The NRP would support any move that might lead to a reduction of personal tax.

Mr Theo Aronson (SAP, Walmer) said he could not support the simultaneous imposition of three forms of taxation and the SAP would support the PFP amendment.

"However, we do not believe in the extent of the amendment — that the general sales tax is an exclusive tax on the poor."

Mr Aronson pointed out that at present the motor industry paid 7.5 per cent sales duty on small cars and 15 per cent on bigger cars. This key industry was very sensitive and it was therefore vital the Minister gave it a square deal.

In order to ensure employment in this industry, the Minister should seriously consider abolishing both sales duty and surcharge when the general sales tax was introduced.

Mr Adriam Vlok (NP, Verwoerdburg) said luxury items had to be taxed at the point of introduction into the market, in order to control and restrict their import. If they were taxed at the final point, taxes levied on them would merely be passed on to the consumer.

Replying to the debate, Sen Horwood requested members to await details of the conversion of sales duty on certain goods to ad valorem rates, saying he could not disclose the extent of adjustments or whether they would be upwards or downwards.

Turning to the question of double taxation, Sen Horwood said members had to realise that tax-wise, South Africa was in a situation of transition. Adjustments were possible, but only after the new general sales tax had had a proper introduction. The Government would in due course abolish sales duty.

"It is not our intention to retain any sales duty for longer than we absolutely have to have it," he said.

The second reading of the Bill was approved after a division in which the SAP and the PFP opposed it. — SAPA
SALES TAX CONFUSION

WITH ONLY one month remaining before the new general sales tax comes into operation, the confusion among big store chains and consumer bodies over how it is to be implemented presents a sorry commentary on the Government's handling of the matter.

In effect the Government has announced a major change to the taxation system on commodities and services, and then left it to individual businesses to work out how they will extract the money from consumers. The effect of this somewhat bizarre method of tax collection will be that some stores will include the tax in the marked price (the add-in system), while others will display the tax separately (the add-on system). Thus any accurate comparison of prices will be effectively ruled out.

Why consumers should be burdened with this unnecessary complication is not clear. After all, it is the function of governments to formulate uniform methods of tax collection, and in most countries where sales tax exists the add-on system is favoured. That is so in Britain, the United States and — closer to home — in Rhodesia.

The main advantages of this system are that consumers can see at a glance the selling price of a commodity apart from the tax that is payable. They can discern immediately whether there has been any price rise, and there is no difficulty about comparing prices.

The contention of the add-in enthusiasts is that their system will obviate hassles at the cash register — particularly among Blacks who, it is felt, might confuse the separate tax with over-charging. Frankly, we see little substance in that argument. Blacks in Rhodesia have been paying separate tax at the cash register for several years, and the system has worked well. Because of their relatively tight budgets, Blacks are generally quick to familiarise themselves with any taxation or currency changes.

Indeed, if any confusion is going to arise in the minds of the unsophisticated sector of the Black population, then it will be through having to deal with two systems of tax collection in the market-place. Surely what is needed most is uniformity. Instead, the idea seems to be to let the situation drift until the public resolves the matter by patronising one system more than the other.

In a country where legislation dogs almost every field of human endeavour, perhaps we should be grateful for this concession to democratic choice. Unfortunately, the Government appears to have made its unexpected gesture in the one area where legislation seems necessary.
The 1pc increase we can't afford

AGITATION and unrest on empty stomachs and that is why two appeals made by Mr. Harry Schwarz in this newspaper on Saturday have special urgency, both for the Government and businessmen.

Mr. Schwarz's calls for relaxed general sales tax on the one hand and increased wages on the other, came after the announcement of a 3c rise in the price of margarine. This increase is yet another blow in the never-ending onslaught of price increases, particularly those of basic foods and commodities, that have staggered South Africans recently.

Milk, butter, cheese, eggs, transport, bread, coal, mealie meal... these are just some of the essentials that have gone up. Nor is the end in sight, for when the general sales tax comes into force next month, basic foods will be increased by another 4% and other essentials, such as brown bread, are due to go up later this year.

Of course, these increases affect the lives of all South Africans but for pensioners, the unemployed and the lowly paid of all colours, they are crippling. When you are already on or below the breadline, further increases in the cost of merely keeping alive can cause nothing but bitterness and despair.

In Parliament last week Mr. Schwarz forecast that the general sales tax would contribute to the general instability brought about by inflation. And on Saturday he reinforced this argument with the warning that if the "almost intolerable" strain on the household budgets of blacks and other lowly paid workers were not relieved the social consequences could be serious.

Mr. Schwarz called for the problem to be attacked on two fronts.

He made an urgent appeal to employers to compensate their lower-paid workers for the recent spate of Government-administered price rises and, after castigating the Nationalists for losing control of these prices, appealed to Senator Owen Horwood to exempt basic commodities from the 4% general sales tax.

Both should heed Mr. Schwarz, whether for humanitarian reasons or out of self-interest. For, whatever the cost, the one thing this country cannot afford is even 1% more despair, bitterness and instability.
Unions get tough over food tax

By GERALD REILLY
Pretoria Bureau

THE country's two largest trade union organisations, representing nearly 500,000 workers, have made a joint demand that essential foods be exempt from the General Sales Tax.

The 4% tax will be imposed on all commodities and services from July 3.

Vice-president of the Trade Union Council of South Africa, Mr Steve Schepers, and president of the SA Confederation of Labour, Mr Attie Nieuwoudt, appealed yesterday to the Minister of Finance, Senator Horwood, to exempt essential foods such as mealiemeal, milk and bread.

Progressive Federal Party financial spokesman Harry Schwarz is to ask Senator Horwood, when the enabling measure comes before the Assembly, to consider the social consequences if appeals for these exemptions are rejected.

The manager of the Milk Board, Mr Andre Visser, is seeing Senator Horwood in Cape Town today to ask him to exempt milk.

His motivation, it is understood, is the feared effect on demand if the tax is added to a milk price raised only a few weeks ago.

Yesterday the president of the Federated Chamber of Industries, Mr J P Cronje, and the president of the Association of Chambers of Commerce, Mr J van Eeden, said there would be no exemptions.

"Once you grant exemptions," they said, "where do you stop?"

Mr Nieuwoudt said there was a limit to the extent to which prices of essential goods could be increased — "surely it has now been reached."

The chairman of Johannesburg's Management Committee, Mr Francois Oberholzer, estimates the tax will add R5-million to Johannesburg's costs.
Used cars: R40-million tax shock

Harvey Thomas
Motor Editor

Motorists were hit with a R40-million shock today—the Automobile Association and the Motor Industries Federation have confirmed that all used motor vehicles, whether sold by a dealer or privately, will be subject to the new four percent point-of-sales tax.

The AA says the volume of used vehicles sold in South Africa every year, only by dealers, exceeds the total new car market by about 50 percent which means that some 360,000 used cars, trucks, caravans and trailers change hands every year.

But the Federation cannot estimate how many used vehicles are sold in private transactions as no statistics are kept.

However, based on conservative figures, it would seem likely that the additional revenue raised by the Government via the new point of sales tax from this source only will be at least R40-million.

PROOF NEEDED

The AA says that the new tax, which becomes effective from July 3, will have to be paid by either the seller or the buyer to the Receiver of Revenue in any private used vehicle transaction.

If a used vehicle is sold by a garage or dealer the seller will be liable for the tax as part of his monthly returns.

After a private sale the new owner will not be able to register the vehicle in his own name until proof that the tax has been paid is furnished.

The Milk Board’s plea for the exemption of milk from the new general sales tax has been rejected.

Mr. W.H.J. van der Walt, the Secretary for Inland Revenue, told the House yesterday to discuss the possibility of milk being exempted.

Mr. van der Walt said: “This is a general tax. It is not for me to make exemptions.”

Qualifying time cut

Labour Reporter

Apprentices in the mining industry are in future to qualify as journeymen within four years instead of five.

Those with two years’ national service are to qualify within three years and four months.

The changes, subject to Ministerial approval, allow for further reductions in the training period on the basis of trade tests and theoretical qualifications. The shortest practical training period will be 90 weeks.

Venice opera bosses quit

VENICE— Gian Mario Vianello, the superintendent of Venice’s La Fenice opera house, has resigned in the wake of a scandal involving allegations of fraud and kickbacks in Italy’s opera world.
Hard line on new sales tax

CAPE TOWN — The failure of the Milk Board to have milk exempted from the new general sales tax indicates a hard line on the part of the authorities which has dashed hopes for tax relief on basic necessities.

The Secretary for Inland Revenue, Mr W. van der Walt, made it clear to the manager of the Milk Board, Mr A. Visser, earlier this week, that milk could not be allowed to escape the tax. Mr Visser appealed for the exemption on the grounds that milk was a basic vital commodity.

The rejection is in keeping with policy on the tax which demands that it have as wide a base as possible, but it will mean a substantial cost increase, especially at the bread line level, when the four per cent tag is introduced on July 3.

And, in addition to the tax, a large number of price increases stemming from higher rail tariffs and other increased costs have been thrust on the consumers.

Following on recent higher prices for coal, milk, butter and cheese, the wholesale price of cooking oil is to jump 30 per cent.

Meanwhile, major supermarket chains yesterday came out in support of consumer bodies appealing for basic foodstuffs to be excluded from the tax.

The Housewives League has also made representations to the authorities, but its president, Mrs Joy Hurwitz, said she was not optimistic any relief would be received.

The Opposition spokesman on finance, Mr Harry Schwarz, has appealed for the tax to be postponed and for concessions on basic essentials of life.

But Inland Revenue officials maintain that near universality is necessary for the proper functioning of the scheme.

*Checkers' appeal; appliances price hike, page 6.*
Shocks for all from sales tax

Mercury Reporters

HOTEL guests face bigger bills after sales tax comes in on July 30. So do second-hand car buyers. And basic foods — milk, bread and meat — will be taxed too.

Durban and District Hotel and Bottle Store Association members heard about the bigger bills yesterday at a seminar.

A member pointed out that the increased running costs of the hotel after the introduction of sales tax would have to be passed on to guests.

And the guest would also have to pay the 4 percent tax on his end bill as well.

Members were told by Mr. S. Mather, of the Department of Inland Revenue, that hotelliers could adopt the add-on or add-in system.

Linen, too

Accommodation, off-sales and restaurants would be subject to the tax, Mr. Mather said.

The hoteliers heard they would have to pay tax on goods bought for use in hotels, such as office equipment, cash registers, vehicles, and cleaning materials.

Linen, blankets, cutlery, crockery, soap, toilet paper, coat hangers and ashtrays would also be taxed.

Weekly and daily bills would be subject to the tax, but, monthly bills for guests staying longer than 45 days would be taxed on only 30 percent of the total bill, Mr. Mather said.

He also warned that late payments to the department were subject to a 10 percent penalty a month.

Car sales

The Mercury’s Deputy Financial Editor writes that second-hand car sales will not avoid the tax.

Nor will other items where transfer has to be registered. These include aircraft, boats, fishing vessels, ships, yachts, motorcycles, tractors, vehicles, caravans and trailers.

The Automobile Association says that if a car is sold to a garage then the garage would have to collect the tax. All private sales would be taxed and transfer would not be passed until the tax receipt was produced.

Occasional sales for less than R1 000 would not be taxed.

An Inland Revenue spokesman said when a car was traded in, the garage would buy it free of tax but would have to pay tax when it sold the vehicle.

Customers would pay general sales tax on the total value of the car they were buying, and not the selling price less the trade-in.

Turned down

Meanwhile, pleas to have basic foods exempted from the tax have been turned down.

This will put an extra R160 million on the country’s food bill, the Mercury’s Agricultural Correspondent reports.

So far the Minister of Agriculture, Mr. Hendrik Schoeman, has turned down appeals to have basic goods like milk, bread and meat exempted.

The secretary for Inland Revenue, Mr. J. van der Wall, has also rejected a plea by the Milk Board for exemption. From July 3 a litre of milk will cost an extra cent.

Prices

Mr. Raymond Ackerman, chairman of Pick’n Pay, said in Johannesburg yesterday that if a legal way could be found round the sales tax, his group would drop prices on milk, meat and bread.

Commenting on the Government’s refusal to abolish sales tax on basic foods he said: “If the Government cannot see its way clear to accepting the loss of revenue, I would like...”
No sales tax 'loopholes' likely

By GERALD BIELLY
Pretoria Bureau

LEGISLATION to implement the General Sales Tax will be introduced in Parliament next week, and it is extremely unlikely any commodity or service will escape, sources in Pretoria said yesterday.

The Secretary for Inland Revenue, Mr W J H van den Walt, said the Minister of Finance had made it clear the tax was to be as low-rated and as widely-based as possible. He declined to comment on the possibility of exemptions.

The tax will be introduced from July 2.

The Progressive Federal Party and the New Republic Party will plead for the exemption of basic foods on the basis of growing poverty in the urban townships, rising unemployment and the possible serious social consequences on lower-income groups.

Coloured and Indian leaders condemned the new tax as a "tax on the poor and politically impotent section of the population" and appealed for an exemption on essential foods and commodities.

One suggested any loss of revenue in exempting bread, milk and mealie meal from the tax could be recouped by a relatively small increase in the income tax of the higher income groups.

The Automobile Association of South Africa announced yesterday it opposed the application of the new tax to used motor vehicles, caravans and trailers when changing ownership.

"It is not unusual for a motor car to change hands on three or four occasions and it would be most inequitable for a sales tax to be paid each time," the AA said.
Ackerman's plea on new sales tax

EAST LONDON — Supermarket giant Raymond Ackerman, Pick'n Pay's MD, has added his voice to the growing appeal to the Government to exempt such basic commodities as milk and bread from the new sales tax.

His call follows a similar plea earlier this week by Mr Bob Harvey, vice-president of Checkers.

Pick 'n Pay's top executive wants the Government to exempt six basic food items from sales tax — bread, milk, eggs, cheese, flour and one other.

He said the payment of tax each time these items were bought, particularly by poor families, was potentially inflationary and was socially and economically bad.

"Even at this late stage it is not too late for the Government to make this gesture," Mr Ackerman said.

He added businesses could be called on to make up the shortfall. "We would certainly be prepared to do it," he said.

He said that if it had been mandatory for businesses to use the add-in method of sales tax, consumers would not have been exposed to the tax each time they bought something.

"We would have to have seen add-in compulsory, but as it was optional, we felt we should use add-on so consumers could do proper comparative shopping."

Meanwhile, latest shock on the sales tax front is the news the tax will apply virtually to all transferable movable objects sold for end consumption, with the exception of raw materials for production.

Even goods on which the tax has been paid will be subject to re-tax if, in turn, they are sold to someone not in possession of a vendors' certificate.

Here the Department of Inland Revenue has allowed occasional sales by private individuals of second-hand goods to be tax-free up to a value of R1 000.

Accordingly, selling a car worth more than that would attract the tax if bought by a private buyer.

A licensed dealer having a vendors' certificate would not have to pay the tax on buying the car or accepting it as a trade-in, but it would be imposed when the dealer sold the vehicle to another private buyer. — DDR.
Black leaders say sales tax reckless

PRETORIA — Legislation to implement the general sales tax will be introduced in Parliament next week, and it is extremely unlikely any commodity or service will escape.

Although he declined to comment on the possibility of exemptions from the four per cent tax, the Secretary for Inland Revenue, Mr. Van der Walt, said the Minister of Finance had made it clear the tax was to be as low-rated and as widely-based as possible.

The tax will be introduced from July 3.

The executive of the Artisan Staff Association, after a meeting in Johannesburg yesterday, appealed to the Government “because of the serious financial plight of lower paid workers,” and high rate of inflation, not to levy tax on basic foods.

The national chairman of the Labour Party, the Rev. Allan Hendrickse, said: “Another four per cent on commodities like mealie meal, milk and bread will press hundreds, probably thousands, more families below the poverty datum line.”

Mr Hendrickse said the government seemed “numbly insensitive” to the pressures building up in the Coloured and black townships because of the hardships imposed on families by still rising unemployment.

“Even under more normal economic conditions this would be a cruel imposition. But now, in a time of recession when nearly two million are under-employed or unemployed, it is reckless,” he added.

A member of the South African Indian Council and of the Prime Minister’s Joint Advisory Council, Mr. L. Mayet, said: “There seems to be a total lack of appreciation at a high Government level of the poverty in the townships, and of the possible consequences if poverty is allowed to go any deeper.”

Any loss of revenue involved in exempting bread, milk and mealie meal from the tax could be recouped by a relatively small increase in the income tax of the higher income groups, he added.

To apply the new sales tax to used cars, caravans and trailers on change of ownership in cases where the tax had been paid on the new vehicle would be unreasonable, the Automobile Association said.

The AA had been informed by the Revenue Department the tax would be applicable to used cars, caravans and trailers where a change of ownership was involved. — SABA-DDC.
Umtata sales tax same as SA

UMTATA — The sales tax to be introduced in Transkei soon was likely to be virtually identical to South Africa's general sales tax, the commissioner for inland revenue here, Mr. M. Pretorius, said yesterday.

The envisaged rate was four percent and the Sales Tax Act — still to be promulgated — would operate on similar lines to those of South Africa's sales tax measures.

Transkei's Sales Tax Bill was expected to be accepted by the National Assembly during the current session, Mr. Pretorius said.

Meanwhile, traders, wholesalers, manufacturers and suppliers should apply for certificates to enable them to buy stock free of sales tax in terms of the Registration of Vendors Bill tabled in the Assembly this week, Mr. Pretorius explained.

The special tax, payable from March 1, applied to all men who were not liable to general tax based on income, local tax and general levy. The rate was R10 a year. Women were not liable to special tax.

The general stock tax, also effective from March 1, replaced last year's livestock tax and would finance dipping services. The annual rates were R2 a head for donkeys, R3 for cattle, and R3 for sheep and goats.

In terms of the Stamp Duties Amendment Act, duty on agreements or contracts increased from 30c to 50c and duty on customs and excise documents increased from 10c to 20c with effect from July 1.

Duty on cheques would increase from two cents to three cents from July, Mr. Pretorius said. — DDR.
Experts warn of sharp collapse

By GERALD REILLY

ECONOMISTS warned yesterday that when the 4% general sales tax is imposed on July 3, it will boost living costs by at least 2%.

And trade union leaders representing workers of all races have joined the growing call on the Government to exempt basic foods from the tax, reports the Rand Daily Mail's Labour Correspondent.

But hopes are fading that the Minister of Finance, Senator Owen Horwood, will make this last-minute concession before enabling legislation goes before Parliament next week.

Some of the more important effects of the tax will be:

- To increase pressure for wage increases.
- To intensify the cost of living struggle of lower income groups — which opposition politicians and labour leaders have warned could have "social consequences" in view of still-growing unemployment.
- A possible setback to efforts to put new life into the country's stagnant economy by shrinking total buying power.

Barclay's Bank's chief economist, Dr Johan Cloete, estimated the tax would affect about two-thirds of household expenditure.

There was one possible compensating feature — in the current recessionary climate, consumer resistance to higher prices would intensify and competition would be sharpened. This would tend to lower prices, Dr Cloete said.

But he expected the overall impact on consumer prices index to be between two and three percent.

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On a suggestion that company tax could be raised to compensate for revenue lost by exempting basic foods, Dr Cloete said this would be contrary to the underlying purpose of the GST which was to tax consumption more and savings less.

For the same reason, it would be difficult to justify making higher income earners pay more so that certain essentials could be exempted from the tax.

If it was found that the resulting tax burden on the poorer section of the community was too great, then essentials should be subsidised by the State.

The deputy head of the Economic Research Bureau at the University of Stellenbosch, Mr A J M de Vries, estimated the impact at about two per cent, perhaps slightly less.

But he said it would increase pressure for wage increases.

Meanwhile Mr Morris Kagan, vice-president of the National Union of Distributive Workers whose members will be directly involved in administering the new tax — said yesterday the union backs "to the hill" Tucos's call for the exemption of basic foods.

Mrs Sarah Chita, acting general secretary of the National Union of Clothing Workers, representing 20,000 blacks, said the union was "perturbed" at the prospect of higher prices for basic foodstuffs.

Other workers' bodies joining the call include the Amalgamated Engineering Union, the Railways Artisan Staff Association, the Confederation of Metal and Building Union and the chairman of the Council of Mining Unions, Mr Ken du Preez.
R2 000 000 tax bill for Durban

Mercury Reporter

LOCAL authorities will pay about R27 million in sales tax annually with five major cities paying R13.5 million of this and Durban possibly having to bear R2 million, Mr. Ossie Gorven, Durban’s City Treasurer, said yesterday.

He was addressing the Natal Municipal Association’s meeting on ramifications of the new tax.

He said that because of this big bill, they had asked the Government to increase its grant to local authorities on unrateable Government property.

Many small local authorities selling less than R5 000 worth of goods a year would not have to register as vendors for tax exemptions.

All movable goods and hire charges would be liable for tax.

Water, electricity and gas through the mains would be exempt.

If rations were bought for staff and sold, cooked at a subsidised rate, tax would be payable on the original value.

If authorities bought refuse hire to sell to the public, tax would not be liable, but if they gave them away or used them departmentally, tax would have to be paid.
GST will have serious repercussions

POOR FACE TAX CRUNCH

By MARIAN SHINN and PENNY SWIFT

THE Government's R1.250 million sales tax money spinner, which will tax the poor more than the rich, at a time of peak unemployment and black frustration, will have serious repercussions on South African society.

Opposition spokesman Harry Schwarz believes this is not the right socio-economic climate in which to tax the poor more than they have been in the past.

When the Bill is put before Parliament this week he will ask that the GST be postponed until the consultation voiced by commerce and consumers can be clarified.

Watchdogs

Consumer watchdogs, economists, and wage and welfare workers, fear the effect the tax will have on the poor.

They say that their earning low-wage and fixed incomes can hardly absorb the extra 4% tax, let alone pay an extra 4% for their food.

Added to the burden of the tax the poor — especially blacks and elderly people — will be open to exploitation by retailers who could hide price increases behind the "add-on" system.

Durban labour economist Professor Jill Natrass fears that because black trade unions are not recognised, black workers will be unable to vent their frustrations or press for increased wages to meet GST.

This could lead to unorganised worker reactions to the lowering of their standards of living.

Mr Schwarz said that a black family of five living at the subsistence level of R165 a month would have to find an extra R4 a month to pay tax on basic foodstuffs — about 16% of their food budget.

Mr Eugene Roelofse, consumer ombudsman of the South African Council of Churches, said the "add-on" system could lead to massive exploitation of illiterates and by allowing the add-on system as well as the GST, the Government showed it did not care about consumer interests as long as it could raise money.

He was afraid of unjustified price rises purporting to be GST.

Mr Schwarz said to help the poor the Government made an "add-in" decision with commerce and industry to split organised commerce.

A survey done for the Association of Chambers of Commerce (Assocom) by the Bureau of Economic Research at the University of Stellenbosch showed that half the retailers responded about half would opt for "add-in".

This confirmed, according to Assocom's executive director Mr Raymond Parsons, the "ineffectiveness of the decision to permit a choice between the 'add-in' and 'add-on' system of collection.

But over organised commerce is up to the decision of whether a choice is a good idea.

The Africana Handelsinstituut had recommended its members adopt the "add-in".

Executive director Frederik Steenkamp said this was to avoid consumer confusion at the till.

Disagreed

He said that if any members were against the "add-in" system all the, when the 4% tax was levied, the same line of business would have to agree on which system to use so there would be uniformity in the trade.

The major supermarket groups have disagreed on which system to use, accusing each other of causing confusion among consumers.

Pick 'n Pay and OK Bazaars have chosen "add-on" while Checkers had opted for "add-in".

Mr Schwarz said the responsibility for the confusion was to be laid firmly on Senator Horwood who made a "complication" in allowing commerce to choose between the systems.

"There is something to be said for both systems and there is nothing to be criticised in them. But there is nothing good to be said for leaving a choice," he said. The Minister's decision would lead to an uncertainty which had not taken the interests of the consumer into account.

It would also allow "exploitation by unscrupulous people to take place far easier than otherwise."
BELASTING NOU NA 'N KANT

DIE Regering het heetemal reg besluit dat die wyse waarop die komende verkoopleasting ingevorder word, aan die individuele sakeman oorgelaat moet word. Maar dit is dringend noodsaaklik dat die finale wetgewing, wat die belasting dek, so gou moontlik gepubliseer moet word.

So se mnr. Raymond Parsons, uitvoerende direkteur van Assocom. By het aan Sake-Rapport gesê 'n landwyse opname, wat vir Assocom gedoen is deur die Buro vir Ekonomiese On-derzoek van die Universiteit van Stellenbosch, toon duidelik dat die Regering heetemal reg opgetree het.

Daar is wel voordele en nadede wat albei metodes van invordering (die ingevoegde belasting by die prys of die bygevoegde belasting agterna bygevoeg betrek. Maar veral in 'n land soos Suid-Afrika sou dit rampspoedig gewees het om die een of die ander stelsel op die sakewêreld af te dwing.

"Dit was juist om hierdie rede dat Assocom aan die Regering aanbevel het dat die keuse van stelsels aan die sakeman oorgelaat moet word," se mnr. Parsons.

Volgens die opname van die BEO gaan 54 persent van die Kleinhandelaars wat op die vrachts regse is, gebruik maak van die bygevoegde belastingstelsel en 46 persent van die ingevoegde belastingstelsel.

Om die opname te voltoo het die BEO etlike onder- die vraagstuk uitgestuur aan sakemene in die groothandel, kleinhandel en die motorbedryf. Hulle was nie noodwendig lede van Assocom of seif van Kamers van Koophandel nie, en het 'n wyse spektrum van die sakewe regedield.

Van die Kleinhandelaars wat die bygevoegde belasting verkies, verkoop 86 persent hoofsaaklik aan blankes en net 7 persent aan nie-blanke.

Van die Kleinhandelaars wat hoofsaaklik sal die nie-blanke-sektor verkop, is 64 persent van plan om die ingevoegde belastingstelsel te gebruik en die oorblywende 36 persent die bygevoegde stelsel.

Kleinhandelaars wat hoofsaaklik met blankes sake dryf, is verdeel oor die uitwerking en gevolge van die nuwe verkoopleast-

wat die vraeys beantwoord het, is 80 persent van plan om die bygevoegde belastingstelsel te gebruik, terwyl die oorblywende 20 persent van die gevraanles agterna bygevoeg betrek. Maar veral in 'n land soos Suid-Afrika sou dit rampspoedig gewees het om die een of die ander stelsel op die sakewêreld af te dwing.

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ing was die voorwaardes o.a. dat

- In alle advertensies, toonvensters of verkoo- punte daar duidelik aange- moed moet word of die tye die belasting insluit al dan nie.

- Handelaars verbied moet word om te beweer, direk of by implikasie, dat hy die belasting self absorbeer of dit glad nie hê nie.

- Mnr. Parsons se dit is dringend noodsaaklik dat die finale wetgewing, saam met 'n verdiepling van die skrif, so gou moontlik gepubliseer moet word. "Die noodsaaklikheid hiervan word beklemtoon deur die mate van verwarring wat tans heers en die feit dat die sakelied met hul voorbe- reiding en beplanning moet voortgaan."

- Die dag waarop die voorgestelde verkoopleas- ting ingesteel gaan word (tot op hede) Maandag, 3 Julie.
DE staat gaan baie meer uit die verkoopbelasting kry as waarvoor daar begroot is. Die geldvoorraad sal ook verder vergroot moet word om die huidige oplewing aan te help.

Dit is die mening van mnr Hans Hefer, bestuurende direkteur van United-Bouvereeniging, wat ook byvoeg dat dit van die gewone man gaan afhang of die oplewing stukkry kry.

Mnr. Hefer het 'n vergadering van die Lindense Rapportierskorp toegeespreek en gesê dat daar, ondanks die huidige gunstige teksens steeds probleemareas is.

Dit is veral die bou- en konstruksiebedryf wat nog swaar leef. Hy meen ook dat hierdie sektor nog geruite tyd lank 'n baie moeilike tyd was beleef, maar dat sake hier ook sal begin verbeter wanneer die oplewing werklik op dreef kom.

Die algemene verwagting is dat die land vanjaar 'n groeikoers van sowat 3 persent sal toon. Dit is egter veel te laag en ons behoort na 7 persent te mik. Maar uit ons eie bronse sal ons nie met meer as 3,5 persent kan groei nie en kapitaal sal uit die buiteland gekry moet word.

Buitelandse langtermynkapitaal is op die oomlik feitlik onbekombaar en dit is die soort geld wat die land nodig het. Maar ook hier lyk sake nou rooskleurig.

Suid-Afrika het een van die beste rekords ter wêreld sover dit die terugbetaling van sy oorsese skuld betref. Ons sake is indringend deur die IMF onderzoek en die land moes 'n baie goeie indruk van gedisiplineertheid gewek het.

Daarom meen mnr. Hefer dat dit nie vir die land moeilik sal wees om buitelandse fondse te kry nie en oorsese banke sal kom toe staan as die "dinge in Rhodesië en Suidwes bevredigend opgelos word.

Mnr. Hefer verwag dat rentekoerse nog verder sal daal en dit kan help om nuwe investering wat so broodnodig vir 'n volgestoure oplewing is, op dreef te kry. Maar ons kan dit nie bekostig dat ons koerse uit lyn met die oorsese kom nie.

Hy het ook bygevoeg dat gerugte oor 'n devaluasie van die rand geheel en al ongegrond is. Slike storie kan die land net skade berokken.

"Die staat het sekere krane oopgedraal en dit sal van die verbruiker en die belegger — van u en my — afhang of die opswanaar deur ons houding, ons benadering aangewakker word. "Daar heers 'n beter klimaat. Pessimisme is gelukkig besig om oor 'n breë front te kwyn, want dit is gebiedend noodsaklik dat ons 'n sterk en gesonde ekonomie moet bou en behou," het mnr. Hefer gesê.
Sales tax launch faces snags

Confusion is mounting over the launching of the new general sales tax on July 3. The Department of Inland Revenue expects the first reading of the draft Bill on the tax to go through on Wednesday.

A position could arise in which retailers have only two weeks to prepare.

The South African Chamber of Commerce, Assocom, says: "It is essential for the Government to publish the draft legislation, with a explanatory white paper, as soon as possible to facilitate forward planning and preparation by the business community." Assocom, and the Afrikaans Handelsinstituut, believe many retailers have not even registered vendors, so that they can obtain certificates to exempt themselves from the new tax.

The Department of Inland Revenue says preparations for the new tax are "going ahead well."

Mr. B.J. van der Merwe, Under Secretary for the department, told The Star today: "We foresee no problems. The bulk of businesses have now registered and those who have not will find they cannot carry on their businesses properly after July 3 unless they do so."

PUBLICISED

He said all wholesalers, manufacturers and suppliers had been told to notify clients of the conditions of the new tax. The matter had also been widely publicised and advertised.

Meanwhile, retailers are continuing to debate the pros and cons of the two systems of collecting the tax allowed by the Government - the "add-on" system whereby the retailer adds the tax to a customer's final invoice and the "add-in" system whereby taxes in his prices.

APPEALS

Appeals by consumer organisations for tax exemptions on basic foods have been echoed by Mr. Raymond Ackerman, head of the Pick 'n Pay chain.

"We realise the Government needs money to defend and run the country - this is crucial - but we are sure that business houses, in the interests of the country, would pay the extra to relieve the burden on the poor. Our proposal is clear: increase company tax,

Mr. Eugene Reutel, Ombudsman of the SA Council of Churches, has appealed in a last-minute telegram to the Minister of Finance for the exemption of basic foods.
Traders want add-on sales tax

The Association of Chambers of Commerce (Assocom) survey has found that an "overwhelming majority" of the motor trade and wholesalers and a "clear majority" of retailers want the new general sales applied on an add-on basis.

However, a "substantial minority" of retailers want the add-in system.

The survey was undertaken at Assocom’s request by the Bureau for Economic Research at the University of Stellenbosch.

Several hundred retailers, wholesalers and business men in the motor trade were asked whether the add-in or add-on system was preferred; whether most of their customers were white or black; and whether the tax would affect turnover.

Of the wholesalers, 80% are choosing the add-on system and 20%, the add-in. Of those in the motor trade, 86% are adopting the add-on system and 14%, add-in. Of the retailers, 54% are opting for add-on and 46% for add-in.

There was a marked difference between retailers who sell predominantly to whites and those who sell predominantly to blacks.

Of the former, 69% will use add-on and 31% add-in. Of the latter, 64% will use add-in and 36% add-on. — Sapa.
The Great Tax Tangle

JULY 4 is fireworks day in the US. There'll be fireworks here on July 3 with the start of the new sales tax. Add-in or add-on. The debate rages. Assocom unfortunately recommended that shops should choose which is great for the shops but not for the consumers. Unless we're wide awake we won't know until the till how much we're paying.

Comparison shopping is a thing of the past unless you've a calculator handy. And we're talking about a country where many people are battling over the price of bread and milk, let alone fancy gadgets. It's all very well saying that it will be clearly marked whether a particular store is add-on or add-in. There's already a language problem for most of our population without trying to explain why something marked R1.00 actually costs four cents more.

The worst of the deal happens in the supermarkets. Pick 'n Pay and OK have opted for add-on. Checkers is going for add-in. No-one seems sure what the shoppers want.

Molly Green asked them.

A SURVEY of shoppers at the Gardens Centre last week showed that women are divided over the new tax.

Most people interviewed were shopping at Pick 'n Pay which has decided to add the tax on at the till. They are regular shoppers at this store and even those who felt the tax should be added in said they would continue to shop there.

But Mrs Janet Steer of Oranjezicht who admits she is not a "good consumer" said that she has a friend - a once faithful Pick 'n Pay shopper - who has decided to change to Checkers once the sales tax is implemented because she feels that the add-in system is better.

Mrs Joan Malt of Vredehoek said that she thought it would be easier for shopper and cashier alike if the tax was added on at the till.

Mrs Helga Jutz who was shopping with her nine-year-old daughter Stephanie was firm that it was better to add the tax in.

Mr and Mrs John Jones of Camps Bay who were doing the weekly shopping together were equally firm that it should be added on.

"I don't see any other way to do it," Mr Jones said.

Mrs Ina Liebenritz, who was shopping with Mr Esther Hauman said a baby apiece thought for a time before answering.
"I myself prefer the addition system. When the tax is added on at the till, it is clearly reflected as actual tax and the consumer will gain in the long run. Black shoppers, who are the most careful and clued-up of consumers will know instantly if the shelf price includes tax or not. But for comparison shopping, it would probably be better for them to add the tax in.

"Mrs. Amelia James of Wiford Street, Cape Town would rather the tax was added on to the shelf price than added on at the till.

"Otherwise you might get to the till and find that you don't have enough money to pay the tax."

Mrs James shops weekly and will not change her allegiance to Pick 'n Pay even though it intends to add the tax on.

"I think it is better to add it on. I didn't think this would happen in South Africa. People in Europe have got used to it."

Mrs Hauman said that as prices were going up all the time, it did not matter to her one way or the other if shops added the tax in or on.

"It will come to the same thing in the end."

Mrs Frances Farmer who works for a bowling club in Oranjezicht and lives in a flat on the premises said:

"The tax must be added to the shelf price. I must know what I am paying for."

One shopper who works at a restaurant said that she had not given much thought to which tax system would be better:

"I'm just worrying what we at the restaurant are going to do when the time comes to implement the tax."

Mrs Helga Juthe: "Add in, definitely..."

Mrs Esther Hauman: "It does not matter one way or the other. It will come to the same thing in the end."
Tariff rise may follow sales tax

By GERALD REILLY
 Pretoria Bureau

The 4% General Sales Tax will raise pressure for higher Post Office and Railway tariffs, sources said yesterday.

The Railways and Post Office will have to pay the new tax on most of their capital purchases — an additional cost to be recovered in some form from the public.

Neither the Railways nor the Post Office is affected directly by the tax — present charges and all services, air, rail and harbour, will not be taxed.

A spokesman at Railway headquarters in Johannesburg yesterday estimated the tax to be paid on railway purchases this year would add about R40-million a year to railway costs.

Economists say this will lead to a review of Railway tariffs.

It is understood the Minister of Transport, Mr Louwrens Muller, has discussed the possibility of a State subsidy to absorb the extra capital expenditure with the Minister of Finance, Senator Owen Horwood.

The Post Office's total expenditure is expected to rise by about R6-million because of the tax.

At least half of the Post Office's estimated expenditure of R371-million this year will be subject to the new tax.

A tariff increase is inevitable within the next four or five months.
A LAST-MINUTE appeal to the Minister of Finance to lift a new burden from poor people by changing the sales tax regulations has been made by the ombudsman for the South African Council of Churches, Mr Eugene Roelofse.

In a cable sent to Senator Owen Horwood's office last Friday, Mr Roelofse said the new tax — which comes into force on July 3 — would hit lower income families hardest.

"This final but sincere and urgent appeal is being made to you, Mr Minister, and to your Cabinet colleagues, to give 11th-hour reconsideration to the drastic step you are proposing to take by taxing, at an estimated rate of R1 300 000 per shopping day, foodstuffs which are so essential to the poor and the hungry," he said.

In his cable Mr Roelofse said:
- A five-person Soweto family, earning R189.27 a month (Sephbank profile) would pay sales tax on 95.5% of its expenditure compared with a 60% pay-out for people earning R5 000 a year.
- "We therefore believe that an exemption on basic foodstuffs and medicines is the least that we can ask for on behalf of the poor."
- It had been contended that the abolition of poll tax on black would ease the burden of the new sales tax, but this was not true as poll tax was R2.50 a year while the new tax would amount to about R76 a year for those on the breadline — about 30 times the poll tax.
- Recent increases in rail tariffs, maize prices and several other basic foodstuffs had already dealt a severe blow to the poor of all races.
- The Government had several alternatives it could use rather than introducing tax on basic foods and medicines — one was to prevent "the wasteful expenditure of taxpayers' money".

This included grants to model boot enthusiasts — R18 000 for 429 participants; to tug of war — R77 600 for 1 500 participants; and to power boating — R38 720 for 200 participants.
- The loss of R23-million on the export of maize last season was followed by an 18% increase in local prices, and even bigger losses were expected.
- Despite statistics to the contrary, a greater proportion of the population was being added to the category of the poor.

"It is no longer simply a case of inconvenience or annoyance at a price rise — essentials are being cut down and in many cases being done without. It is important for the 'welfare' of the little people of this country that the government should now show compassion" Mr Roelofse said. Sapa.
Last-minute reprieve on tax unlikely

By GERALD REILLY
Protea's Bureau

LABOUR leaders and black community leaders clung to lingering hopes last night that the Government would relent and exempt basic foods and commodities from the General Sales Tax.

The measure to introduce the new tax from July 3, tabbed in Parliament by the Minister of Finance, Senator Owen Horwood, yesterday, will bring in about R1 000 million in the current fiscal year.

The Trade Union Council of South Africa and the South African Confederation of Labour have both strongly recommended exemptions. The call has been supported by the National African Federated Chamber of Commerce.

Sen Horwood, however, with the backing of the Federated Chamber of Industries and the Association of Chambers of Commerce, is not likely to grant an eleventh hour reprieve to items like bread, milk and mealie meal, it is understood.

Today during the second reading of the measure Sen Horwood will explain the new tax, which gives far greater emphasis in the country's fiscal system to indirect as opposed to direct taxation.

The Department of Finance has had to recruit 400 more staff members.

The Secretary for Inland Revenue, Mr W J H van der Walt, said yesterday an abridged guide on the new tax would be issued with vendors certificates as soon as the legislation had passed through Parliament.

The president of the National African Federated Chamber of Commerce, Mr Sam Mosiuoa, stressed the "disastrous" effect the tax would have on the already severely depressed living standards of the thousands of black families living on or near the breadline.

He claimed it was a grossly unfair tax. "When we have equal pay for equal work then we can talk of a universal tax of this kind. What we have now is unequal pay and work opportunities and equal taxation."

The case continues.

Ex-Lions captain defends violence

Own Correspondent

LONDON. — A former British Lions captain, Merlyn Davies, has defended rugby violence in a court case.

In the dock was a Welsh skipper, John Billinghurst, accused of inflicting grievous bodily harm on a Borstal officer, George Grist, 37, of the opposing team.

Billinghurst, 27, pleaded not guilty. He admitted having struck Grist, but claimed it was in retaliation for a foul tackle on a teammate.

Davies, called in Billinghurst's defence, said: "In my experiences, players have been deliberately helped off the field, if you like, by over-attentive marking by the opposition. I would have felt myself a very poor player if I hadn't received such attention."

The case continues.

Blue blood boils at hunt ban plan

Own Correspondent

LONDON. — The Labour Party's plan to abolish blood sports if it wins the next election has Britain's hunting and shooting fraternity baying with rage.

Fox hunting could eclipse inflation, immigration and integration as the hottest election issue in decades.

Cause of the furore was a decision on Monday night by the Labour home policy committee, led by Mr Anthony Bean, Secretary of Energy, to debate the ban on fox hunting, hare coursing, beagling and stag hunting.

The committee called blood sports cruel, inhumane, barbaric, and stag hunting grotesque.

Major-General James McNeill, secretary of the Windsor Cup coursing classic, snapped: "Pla't not nothing to do with cruelty. It's a question of gross interference with the freedom of the individual."

Maj Ronald Dells, secretary of the Duke of Beaufort's hunt, said: "This is disgraceful.

The committee has no objection to fishing."
Last-minute reprieve on tax unlikely

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Pretoria Bureau

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snubs tax pleas
Anger a scort
WIDESPREAD anger and disappointment yesterday met the Government's rejection of eleventh-hour appeals to exempt basic foods from the new 4\% General Sales Tax.

And as the Sales Tax Bill was introduced in Parliament by the Minister of Finance, Senator Owen Horwood, economists warned it meant a R1 000-million a year setback to hopes of an economic recovery based mainly on consumer spending.

The Bill makes no provision to exempt basic foods from the tax, which becomes operative in 19 days and will affect most consumer spending — excepting rent, electricity, water, gas, and prescribed medicines.

Milk products, cigarettes rise

Staff Reporters

THE PRICE of condensed milk, baby food and powdered milk will be increased from today by between 6\% and 10\%.

Cigarettes and pipe tobacco also go up today. The rises will be re-indexed when sales tax is imposed on July 3.

Today's milk increases result from the rise in price of industrial and dairy milk a few weeks ago.

Powdered milk, considered a baby food supplement and baby food, will increase by between 6\% and 10\%, depending on the milk content in each product.

Condensed milk, including evaporated milk and full cream, is going up 10\%. This is an increase of 5c\% on both large and small containers.

Retailers will sell pre-purchased stock at the old prices, manufacturers said yesterday.

The price of a pack of 20 cigarettes will go up by 1c — from 42c to 44c.

Pipe tobacco will cost 3c more for a 100g packet.

The increases are designed to meet higher transport, packaging, fuel, leaf tobacco and labour costs, spokesmen during the tobacco industry said yesterday.

The new sales tax is expected to add 2c to a pack of 20 and 3c to a pack of 30 cigarettes.

‘Food tax will hit the poor’

Political Staff

HOUSE OF ASSEMBLY. — The Minister of Finance, Senator Horwood, and the Opposition clashed yesterday in the Assembly over costs of sales tax on basic foods such as milk, meal, bread, and also medicines.

It hit the poor, said Dr Zac de Beer (FPP, Parktown) and Mr Theo Aronson (SAP, Walmer), and was an over-simplification.

Mr Alan van Heerden (National party, NRP, Middelburg), said this was an over-simplification.

All three spokesmen however opposed the Bill, though for differing reasons. The Minister rejected claims that the poor would suffer most.

Senator Horwood, said much had been said in the Press about exclusions of basic foods, such as milk, meal, bread and also medicines.

"Not only would such exceptions be the breach in the dyke, but they would benefit rich and poor alike, except that only the rich, who buy more milk, meal — and more expensive cuts — and medicines would stand to gain more," Sen Horwood said.

The poor, he said, would not benefit at all through the exemption of medicines because they could obtain their medicines and medical attention at hospitals "for a minimal fee, if not entirely free, and they make use of such facilities”.

Sen Horwood said professional fees would not be subsidized, and any injection administered or goods rendered during the time of treatment would also not be taxed.

The Minister explained: "Every exclusion or exemption would increase the possibility of a rise in the rate of tax as the base is narrowed, and each rise in the rate of tax would increase the necessity for exempting certain commodities to relieve the burden on the lower-income groups.

"It would therefore become a vicious circle which should be avoided at all costs." He said the remedy lay in the raising of the standard of living for everybody.

Add-on tax will cost R50m

DURBAN. — It would cost South African businesses an additional R50m million a year in audit fees to collect the new general sales tax by the add-on method and there would be chaos.

Dr F Berkhoft, a senior official of the Department of Inland Revenue, gave this warning in Durban yesterday.

He was addressing a seminar organized by the Durban Chamber of Commerce and the Natal Chamber of Industries.

Dr Berkhoft strongly urged businessmen to adopt the add-in system.

The auditing profession at the moment did not have adequate staff to cope with even ordinary company tax returns, he said.
New tax bill a reform, says Senator Horwood

Horwood plus doesn't solve the problem, says Senator Horwood

Medicines also subject to tax

Horwood: No money for those who can't escape tax
Bill on the sales tax is published

In terms of the Sales Tax Act, 1946, any article or service is taxable if the selling price exceeds the specified limit. The Act also stipulates that the tax shall be paid by the vendor to the government. The tax rate varies depending on the type of article or service.

The Bill further provides that the tax shall be deducted at source by the person who is required to deduct tax under the Act. This provision is aimed at preventing tax evasion.

The Bill also contains provisions for the return of tax paid in error or excess, and for the recovery of tax from persons who fail to pay tax or pay less tax than is due.

The Bill is expected to generate considerable revenue for the government, which can be used for development and welfare schemes.

If you have any questions or require further information, please feel free to ask.
TAXATION

16/6/78 — 30/7/78
The report of this research project will deal with those and other recommendations in detail. It is felt, however, that in the present climate a streamlining of the approval process, methods of making finance available for both home improvements and the building of new family houses, the possibility for the Blacks to own their own homes in the urban area, and the design and preparation of plans for house alterations that are inexpensive and meet the requirements of the local authorities, are areas where much could be gained through practical and positive steps being taken in the areas mentioned above by persons, organisations or authorities who are able to contribute.

The Urban Problems Research Unit, established in 1975, has - with the co-operation of B.A.B. - begun to prepare a report on the major problems encountered by both native and coloured communities. This report should form the basis of practical solutions. A report of its findings is presently being prepared but already some of the more urgent problems have been identified and, if dealt with, might be lessened by changes in the following areas:

1) a streamlining of the approval process,
2) methods of making finance available for both home improvements and the building of new family houses,
3) the possibility for the Blacks to own their own homes in the urban area,
4) the design and preparation of plans for house alterations that are inexpensive and meet the requirements of the local authorities.
Pensioners will be hit by GST

Financial Editor

The owner of a Durban boarding house said yesterday that the pensioners who lived in her establishment were in a monetary position about R7.3. They were charged R30 per month accommodation. The balance was made up by pensioners' relations or friends.

"Next month we will have to charge them GST on their food and increase their overall tariff because of the effect of GST on the running costs of our business. The increase would amount to about R5. A pensioner told me that the tariff in her boarding house had increased in January.

"I do not know what I will do about the GST rise which I am sure will be passed on to me."

A businessman told me that GST would give a "mighty boost" to inflation.

"It will also cause a restriction on the spending of people and this will be a serious matter for retailers.

Among questions put to the Mercury's answering service yesterday were the following:

1. My company is completing a major engineering contract for pressure vessels which will be delivered in about six months' time. Will my client have to pay GST on the completed part of the contract?

Yes.

2. My daughter imports goods from Australia which are sold to local schools. Does she have to obtain a vendor's certificate?

Yes.

3. The schools must pay tax on what they buy. Do I sell the goods on the uncompleted part of the contract?

Yes.

Labour

4. My husband works for a law firm in Durban. Does he have to charge GST?

Yes.

5. A bookshop has a turnover of more than R2000 a year and sells a wide range of periodicals other than food. Does it have to charge GST?

Yes.

6. I have a machine that dispenses cold drinks into plastic cups. How do I charge GST?

How it is done is your business but the Receiver of Revenue will require 1 per cent on your total turnover.

7. I distribute a free advertising sheet to which people can send for samples. Should I pay GST?

Yes.

8. I sell spares, motors and needles for knitting machines. How do I send these into the UK?

Shipping.

9. NO TAX ESCAPE

A dispute rages up the Mercury's tax answering service.

The sale of Kruger Rands, bank notes, postage stamps will be taxed when they areclassified as collectors' pieces. The principal sale by a bank or post office will not be taxed.

A free lance photo grapher will charge GST on the full price even though this includes his transport and labour costs. He must be registered to obtain his guide free of GST.

A broker who offers to arrange the hire of space on building or billboards, or in newspapers for advertising will not register for GST.

A sugar wholesaler who buys Malaysian sugar to sell in bulk will not be charged GST on the containers which are essential for his business. If he bought a container to ship the sugar in he would pay GST on the container.

A television repairman who offers a customer to repair a television set for a fixed sum and for any fault he will have to collect GST on the full contract price.

A fencing contractor who erects a fence on a site will have to register. The one site endeavour determines whether he registers.

An architect who supplies plans to his clients will have to register. His services will not collect GST.

But if he offers a blueprint as a sideline he will collect GST.
Don't be fooled by rush for sales tax

By VITA PALESTRANT

GOODS paid for before July 3 are not subject to general sales tax even if delivery comes after the launching date.

This was said yesterday by a Department of Inland Revenue spokesman to worried consumers who phoned the Rand Daily Mail's GST WATCHDOG saying firms were demanding the 4% levy on goods already ordered and paid for.

The Inland Revenue spokesman said: "The tax is levied at the point of payment and has nothing whatsoever to do with delivery dates."

Mr Eugene Roelofse, ombudsman for the South African Council of Churches, said: "The tax only comes into effect on July 3, and a dealer who attempts to collect it before then should be reported to the police."

"I believe a comprehensive set of regulations to protect the consumer from GST exploitation should be promulgated without delay."

He added: "Heavy jail sentences and confiscation of stocks should be the cornerstone of such regulations."

Mrs Joy Hurwitz, president of the Housewives League, said: "It is quite clear that consumers are not required to pay the tax before July 3. Any demand that they do should be questioned immediately."

They thought the two systems of add-in and add-on would create problems.

The GST WATCHDOG service is available to all members of the public who have questions or complaints about GST. Phone 23-1500 and ask for Ext 314.
Oor Koop & Verwerkars

Handeltarne

320

Dit sal R10 kos

CHOS en verwantlike wag oor julle-virte wat die nie-loop.

Dit betyds vir ekstra sente

Seun koop bothe

Dit betyds vir ekstra sente
belastingtegelyke en alle belasting en inclu-siewe (add. in) belasting.

Is Handelaars wat hulle van die verskille vergewe het, kan nog nie beskik watter een hulle gaan toepas nie.

Kortlik is die verskille tussen die tweedit:

Exklusiewe belasting beteken dat belasting van 4 persent by die eindpunt gegeef word. Indien 'n verbruiker, goedereder waarder van R0. koop 'n goed vir R240 (4 persent) betaal.

Inklusiewe belasting beteken dat 4 persent, heffing reeds by die verkoopprys van 'n artikel ingerekken is. Indien 'n artikel R200 gemerk is, is dit al wat die verbruiker betal.

Die wet vereis dat handelaars duidelik by hul sakeondernemings moet aanton wat stelsel hulle toepas.

Maar grootkaalka verwarring gaan kom.

So sê ook mnr. Raymond Parsons, uitvoerende direkteur van Assocom. Dit gaan 'n tydje duur voordat die stelsel glad gaan loop, sê hy.

Wat die lede van sy organisasie betrek, is almal op die hoogte gebring van die vereistes van die nuwe wet. Dit was by wyse van seminare en inligtingstukke.

Die Afrikaanse Handelsinsti-tuut het diezelfde vroegtydig maatreëls getref om verwarring onder sy lede uit te skakel.

Nie alle handelaars is egter lede van die twee liggame nie. Vandaagwek was daar openlike onkunde en skouer-ophalings onder handelaars in selfs die grootste stede in die land. So het 'n paar gesels:

"Ek weet nog nie, watter stelsel ek gaan toepas nie. Ek voorsien probleme met albei," het mnr. Thomas Xan-thakis, eenvaar van 'n klein supermarkt in Johannesburg, gesê.

"Nou, volg ek die exklusiewe stelsel, gaan klante by die geldkas styoor. Die ekstra wat hulle moet betaal. Hulle gaan dalk aritikels net daar om dat dit ons skielik meer kos as wat dit gemerk is.

"Gebruik ek die inklusiewe stelsel, gaan koop vir die klant dalk kortlant die straat omdat die handelaar daar miskien eksklusief verkoop en sy artikels is hier gemerk... Ek weet nie..."

"In Bloemfontein sê kafee-eienaars: Manuel de Freitas, wat van zeepoeter tot wegloempet verkoop; "Ek is onskyer. Ek dink ek sal die belasting by die prys van die artikels invoeg om 'n streety met die belasting slag te voorkom."

"..."
Add-on or add-in, but it won't hit travel

There will be no sales tax on air tickets, the Receiver of Revenue, Mr F K Hasen confirmed yesterday.

He said all enterprises providing transport services were exempt from sales tax — meaning that buses, trains, taxis and aircraft were not liable.

The sales tax is coming into operation next month, and the Federation of Hotels Associations of South Africa (FEDHASA), has issued a manual to all members advising them to use the add-in system in all sections of their hotels.

The government is allowing both the add-on and add-in systems to operate in hotels at the same time.

Mr Schalk Schoombie, the executive director of Fedhasa, said yesterday that if a hotel chose to apply both systems, signs showing which system was being used would have to be put up in different sections of the hotel — such as the reception, the restaurants and bars.

Mr Schoombie explained one of the main reasons why the add-in system had been advised: “Using the add-on system, delays which which we are worried about, could be caused because certain things like telephone are not taxable,” he said.

“If the add-in system is not used, then non-taxable items would have to be taken out of the account tax added to the taxable items and non-taxable items put back onto the account,” he said.

But he expected members would make up their own minds and after a few months would find out what was best for them.

Claims by sections of the retail trade that collecting the four percent general sales tax will cost up to four percent, and that they may have to raise prices by as much as eight percent were dismissed by the Secretary for Inland Revenue, Mr W J H van der Walt as “extravagant and exorbitant,” yesterday.

“They are jumping to unjustified conclusions. They must withhold judgment until they have had the practical experience.”

But it is still claimed that the smaller traders, who cater more for the needs of lower income groups, and rely on high volume low profits sales, say they may have to add as much as eight percent to prices because of the additional administrative costs of collecting the tax.

Mr Van der Walt said the additional departmental costs involved in administering the new tax would be just over two million rand: this included wages and salaries for the 400 additional staff members.

He is confident of a smooth launching for the R1 000 million a year tax.

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to tramp through mud.

Once once a plan to improve the general surroundings which are presently grey and sterile

for the most part lacking even occasional trees and grass. It should also

be noted that there are no proper recreational facilities in any of the areas.

In fact the Langa employer dormitories encroach on what was initially intended

to be a sports stadium.
General sales tax will be levied from July 3. Here’s a guide to the tricky corners

While Californians are busy revolting against excessive taxation, South Africans are heading for a tax revolution of quite a different kind. Ten days from now, the sales tax act comes into effect.

The rules are very explicit. General sales tax is a 4% levy at the point of final sale to the end user. It is levied on sales of all moveables not intended for resale or export, on leases of moveables, and on certain defined services. There are some exemptions, which are all clearly defined.

There are three key documents. They are the Sales Tax Act itself, the Department of Inland Revenue’s explanatory memorandum, and its comprehensive guide for vendors, written in layman’s language. The last is being posted to vendors with their registration certificates.

If these documents are read in conjunction with the FTA’s own guide to the act (FTM April 7), which Inland Revenue Secretary Mck van der Walt has recommended as essential reading, much confusion can be avoided.

What are the issues that are worrying businesses? Assocom’s Geoff Tyler reports an occasion with exemptions.

What are the products and what are not?

Now that the act has been published, businesspeople will find the answers they need in the accompanying five schedules. These define taxable services, spell out the exemptions (for manufacturing printing, mining, quarrying, farming, fishing, catering, hotels, and other accommodation enterprises) and list exempted imports. If an item is not mentioned in the schedules as exempt, it is not exempt.

What the act also does, unlike the earlier departmental proposals, is to go into detail about the construction industry. It defines those services that are taxable. For instance, the repair or maintenance of heating, air-conditioning, flooring (other than brick or concrete), carpeting, lifts and escalators is a taxable service “whether is is a movable or immovable property.” It also defines construct services that are exempt from tax.

The act differs from earlier departmental proposals in other ways as well. Thus:

- Previously, the tax was levied on lease repayments in ‘leasing finance charges. Now, the tax is levied only on “cash value.” Where a lessor is a banker or financier, this is the cost to him of the leased asset, including, where applicable, the cost of installation that he

bears. Where the lessor is a dealer, it is the price at which the leased property is normally sold by him for the same, plus, where applicable, the charges for construction or installation that he

- Originally, all capital goods, as well as their servicing and repair charges, were to be taxed. Now the tax will only apply to goods themselves, not the servicing and repair charges.
- On most items, tax is payable by the vendor within 20 days of the end of the trading month. On registerable items, such as where an individual sells a motor car to another individual, must be paid, or a prescribed declaration made to the Secretary for Inland Revenue, within 10 days of the sale. Otherwise, registration may not be effective.
- Gst is payable in full where board and lodging is provided. It is levied on less than 45 days, or where accommodation is supplied at a daily or weekly tariff. In all other cases, such as monthly tariffs, the rate will be levied on 30% of the tariff.
- Previously, deliveries were to be subject to gst. Now, they will not be. Gst will be levied on the price at which the goods are normally sold. Hence there will be no possibility to save tax by charging more for delivery and less for the goods themselves.
- Take a load of bricks selling for R100 and a delivery charge of R20. Gist is payable on R100. The buyer would enjoy no advantage if the seller invoiced the load at R120 and delivery at R60, for gist would still have to be paid on R100.
- Registered charitable institutions will not have to pay gist.
- Traders are liable for gist on accouted sales, whether cash or credit, or both. However, for tax calculation purposes, a trader is permitted to deduct from his monthly turnover an amount equal to 50% of his outstanding creditors.

What’s an export?

There are several other niggling points on which there now is clarity:

- Goods for export do not attract tax. The seller must be satisfied that the goods are for export. In practice, there should be no serious problems since exporters normally have export documentation, like invoices, to prove their intent. Exports include goods sold to SWA, Botswana, Lesotho, Swaziland, Transkei and Bophuthatswana.
- Returns are subject to 5% tax. The tables have been designed to match rounding losses with rounding profits. The vendor loses on sales where the cents column of his cash register or invoice records 1-12, 26-37, 51-62, or 76-87. He profits where it records 13-24, 38-49, 63-74, or 88-99. Where it records 0, 25, 50, or 75 he neither gains nor loses.
- While vendors must pay tax on their total turnover, they may not demand tax from the buyer if a sale is for 12c or less because 4% of 12c is less than 0.5c.
- On returnable containers, gist is payable separately on the contents and on the deposit. When the container is returned, the tax levied on the deposit must be refunded.
- Where samples are given away free, gist is payable by the seller on either cost or market value, whichever is less. When a vendor buys articles for resale but decides that he needs to draw some items for his own use, he will have to pay gist on the cost of the items so used.
- What of orders placed before July 3 and delivered after? Provided the buyer has paid in full before the implementation of the tax, he will escape the tax. He also escapes tax if payment is not in full but delivery is effected before July 3. Early invoicing without delivery is no loophole.
- On trade-ins, gist is payable on gross value before finance charges and not on net value after the trade-in has been deducted. If the buyer of a new car receives a trade-in offer and the price of the new car is R5,000, he must pay gist on R5,000 and not on R3,000.

Finally, vendors must register. The process of registration is still slow. A trader without a vendor’s certificate will be unable to purchase his goods for resale gist-free. So the sooner he gets on with the job the better.
Boosts Bill
Slash Shock
Pensions

The Johannesburg Budget
**Staff Reporter**

PROPERTY rates in Johannesburg will jump by an average 8% in terms of the city's municipal budget tabled yesterday.

The general rate will increase from 2.5c in the rand to 3c.

Rate remissions introduced last year to cushion the shock of property valuation and assessment increases have been cut by half this year, and will fall away from the start of the 1969-70 financial year.

Houseowners will now receive a rebate of 1.5c before remissions (31%, after remissions) compared with 12c before remissions (18% after remissions) last year.

Houseowners will receive a rebate of 1.5c before remissions (10%, after remissions) compared with 12c before remissions (18% after remissions) last year.

Introducing the budget, Mr J. P. Oberholzer, chairman of the management committee, said: "Although business will thus be paying an average 8% more, I think this increase is so slight as to prevent the consumer facing problems, with few financial problems."

**TRANSPORT:**

The Transport Department's deficit for 1967/68 is about R5 million and an additional income of R5.70 of R800,000 is required to reduce the deficit to 5% of expenditure. The proposed bus fare increase, he said, is designed to encourage passenger use of public service vehicles, as well as enforcement of on-street parking and the use of municipal transport services instead of private transport services.

**WATER:**

A new differential water tariff will be introduced for householders and business houses.

The new tariff, which will be in effect from 1 July 1969, will consist of a basic charge of 3c per cubic meter for the first 30 cubic meters, 6c per cubic meter for the second 30 cubic meters, and 9c per cubic meter for all subsequent consumption.

**BUS FARES:**

A 20% increase in bus fares is proposed, with the new fares coming into effect on 1 July 1969.

**MUNICIPAL SALARIES:**

A 6.5% increase in municipal salaries is proposed, with the new salaries coming into effect on 1 July 1969.

**RATES:**

A 6% increase in council rates is proposed, with the new rates coming into effect on 1 July 1969.

**ELECTRICITY:**

The management committee of the City Council has proposed a new charging structure for electricity, with rates increasing for each kilowatt hour consumed.
old cost council Rm

planned ahead

Five-Year

budget

Sugar-coated

Moss Slams

Consumers

are Angry

дут

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hamilton
Mrs Joy Hurwitz... "getting a bashing." Mr Eugene Roelofse... "not unexpected."

Mr Sam Moss... slammed "cynical" budget.

"This increase is too low when one considers that the consumer price index is running at 20% plus. Actually the effective increase would amount to 42%.

"The Artisan's Association has already declared its intention to declare a dispute on the issue and we shall take the matter up, with the Industrial

Consumers are angry

Moss slams 'Sugar-coated pill' budget
Budget for Jo'burg

By PAUL BELL

JOHANNESBURG ratepayers are reeling under a triple combination blow of higher rates, higher service costs and the 4% general sales tax to be introduced next month.

The city's record R372-million budget introduced at a special city council meeting yesterday pushed up property rates and costs of water, electricity, and municipal transport and parking. And the GST will add another R5-million to the cost of running Johannesburg.

The leader of the opposition Progressive Federal Party in the council, Mr Sam Moss, described it as "a sugar-coated pill" which hammered Johannesburg's citizens while telling them they should be grateful.

Budget highlights include:

- A R5-million jump in the rates bill to R64-million. The new rate will be 3c in the rand, up from 2.8c last year — an average 8% increase;
- Bus fares higher by up to 20%, and municipal parking tariffs up to a third higher. Bus coupons will cost an average 12.5% more and black bus fares will jump by 10 to 20%;
- An average 9.5% increase in the city's water bill. A new differential tariff will favour consumers using less than 20 kilolitres a month. For larger consumers there will be a 13.8% tariff increase;
- Slightly higher electricity tariffs. The new differential tariff will favour low-consumption consumers, who will pay 7.2% less, but the average homeowner will pay 0.3% more;
- An estimated R5-million a year added by the GST to the costs of running Johannesburg;
- A 6.3% pay rise for municipal workers to take effect on July 1.

Introducing the budget yesterday, Mr J F Oberholzer, chairman of the management committee, said it was only slightly less austere than last year's, but added that the council had tried to leave the spending power of Johannesburg's homeowners "as stable as possible."

Some homeowners' costs would actually decrease, while those of others would be "marginally higher."

"We have put the homeowner first. He is vital to our city's growth and stability, and therefore he is entitled to expect prior consideration," he said.

The city begins the new financial year more than R1-million in the red. The anticipated 1977/78 year-end surplus, based on assessment rates for the new provisional valuation roll, turned into a deficit after successful appeals by some property owners against the council's valuations.

Included in the budget is nearly R15-million for coloured housing programmes in Eldorado Park, Silverton, Motorway, Kliprivier West and Kliplriviernoog.

The Coloured and Asian Affairs Department has received an allocation of R15,3-million — 15.5% of the council's R95,3-million capital budget for 1978/79, which is 83% higher than last year's allocation.

The 0.3% pay increase to municipal workers provides that all workers move up one notch on the key scale. They will receive a bonus at the end of July equal to the value of one notch on the scale for the period January 1 to June 30 this year.

About R400,000 has also been provided for an additional pay rise for black council workers — R200,000 for the top nine salary levels, staffed mostly by professional people, and R150,000 for labourers.

This was in line with the management committee's policy of closing the wage gap, Mr Oberholzer said. Coloureds and Asians now received an average 91.5% of whites rates, and blacks an average 80.4%. In the top professional posts the gap had been closed entirely he said.

The budget and you — See Page 2
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AN OVERVIEW OF

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NYANGA:

In Nyanga there are only two types On the one hand there are the tempo on the other there are the hostels. the Divisional Council and the other design by employers, both now being (See Table 2 overleaf).
You're so much more productive. Energetic and efficient, your actions and decisions reflect the strategic, analytical mind that's always ready for the next challenge. Your skills and abilities are extraordinary, and I'm grateful to have you on my team. Keep up the excellent work. You make a tremendous impact in all that you do. Thank you for your dedication and commitment.

[Image of a thank you card]

Best regards,
[Your Name]
Too much taxation corrupts

Governments, especially those prone to lavish spending on inefficient social services, must learn there is a limit to how much they can soak the taxpayer before he revolts. Already many decent people have gone in for tax evasion, reports the Economist.

The revolt against taxes is in its infancy. It will grow to a rude universal manhood if two things do not quickly happen in the western free-enterprise world.

The tax revolt will spread, first, if the growth in personal incomes and well-being does not begin to outstrip again the remorseless growth in taxation to pay for public services. And it will spread if, even if the growth in the tax taken itself does not diminish, then, very soon, the burden of taxes becomes too heavy.

The lesson sent out by the voters of California on June 6 was much more about the long-range history of taxation, past and future, than about taxes.

The logic of taxation is simply that for most people in Europe, less in America, than in Asia, tax is paid to nothing more than to a century ago to the point where it takes in a quarter of total personal earnings and is a third of the cost of goods produced and a half of gross domestic product even today.

But the impact is uneven across countries and between them. In some places it has become conscious in a way even more evident in Europe, as in Britain, where upper income-earners are hit particularly by other standards. Virtually everywhere in Europe inflation has caused income taxes to grow into the incomes of middle-income-earners they were never meant to tax.

But it is in more prosperous, less consultant-dependent America that the share of income has gone to the taxman. The rate of inflation is significantly less than in Europe, and the revolt has been far less pronounced. Not that California’s referendum vote against a property tax increase, even if it is overturned, is entirely new. A sizable anti-tax vote was noted up weeks earlier in Switzerland; a government fell in Sweden in 1976 largely over the taxation issue, property-tax ratepayers receive an annual rate cap as a criminal rarity outside Britain; evasion and avoidance by decent people have become standard.

And that is a vote in Massachusetts, California, and just this year, better by far, in the referendum vote against a law that would have given voting rights to non-citizens.

This year, it is not, apparently, that ordinary people want to stop the decent people. It is the voters’ right to be protected from the corruptions of the powerful. The problem is that the voters’ right to be protected from the corruptions of the powerful.

The only innocent in this play is the taxpayer, normally, sometimes, it is true, a nice fellow, but usually too prone to divide and conquer on the objections of political ambitions and the incompetence of the public sector—empowered to spend every cent of every man’s money.

It is easy, in a single article such as this, to over dramatize a single event in a single year in a single state in America. We would, in fact, be lenient to the voters’ vote in California to rally to such exercises for any man.

Its sequel will be just as unexpected. The present, or coming, tax revolt will not be aimed like the Boston provincial party at unrepresentative colonial or foreign governments. It will be aimed at the efficiency of allegedly representative, national government at home.
Pretax spree warning

Pretoria Bureau

Shoppers who plan to join the pre-sales tax buying spree should reconsider, economists have warned.

"There can be no doubt that people are rushing to meet the deadline," a Pretoria economist said today. "They are buying expensive items such as cars, furniture and domestic appliances.

"But they have forgotten, it seems, that existing sales duty is likely to come off many items later this year. This may have the effect of reducing post-tax prices to their current levels."

It was also inevitable that there would be a spending lull after the introduction of the tax since many consumers would have over-extended themselves by buying expensive items now. This meant it was likely that businessmen would be offering goods at bargain prices to maintain trade.
Tax challenge

By Roger Dean

Going to the shops will enter a new era when the four percent General Sales Tax comes into effect next Monday. The new tax presents shoppers with a challenge they have never before faced. It is you, the consumer who must pay — and in the end it is you the retailer who must ensure that the tax is being fairly applied.

First and foremost, it is essential to know which method is being used to collect the tax.

The total amount may either be included in the quoted price ("add-in") or it may be added to your total bill when you finally pay ("add-on"). Both methods are fully approved — but they will vary from shop to shop, from dealer to dealer, from business to business.

A heavy responsibility

The new law puts a heavy responsibility on the seller to make quite clear what method he is using. Once he has chosen, he must stick to it. There is no way, for example, that he can add the tax on some items and add-on with others.

The only exception to this rule applies to your local garage, should you buy petrol and also have repaired your cars in their workshops at the same time.

From Monday petrol will be sold inclusive of the tax, whereas the motor trade has opted to add-on for all other sales and services.

To help you see which system a particular business is using, the SA Co-operating Consumers Union have distributed special signs and posters which are illustrated here. These will be prominently displayed on shop windows, at check-out points, and throughout stores and offices.

The overriding difference which is not apparent in our reproduction is in color: RED for add-on and BLUE for add-in. The idea is that red will warn shoppers that the price quoted is the amount to pay on top of the quoted price.

In shops using the add-in system

The quoted price will include tax, so no matter what your purchases as you go along, the tax will be added to your bill at the till. This makes it easier to keep your purchases an exact amount. There is no need to work out the extra four percent. The retailer will already have done the calculation.

Under this system you will benefit directly from the tax and, after the extra four percent, the retailer will already have added it to your bill. The main disadvantage of which is that it is far harder to see the exact amount of tax being charged. For example, if you purchase an article for R20 and 40 cents, for the price of an article in another shop — you really need a calculator. You must subtract 3.845 cents from the quoted price — the equivalent as near as possible to add-on for four percent.

One thing cannot be said if you have any familiarity with tax, if any tax has been increased by more than five percent, you will be able to add-on yourself.

In shops using the add-on system

Always check the tax tables with the cashier. In a store of R100 or more, the extra four percent will probably be added automatically by the electronic till, but the cafe-owner on the corner may not. Many shops will calculate the tax with the help of special tables in the revenue department.

Always make sure you have a receipt as proof you have paid the tax. As a rough guide, for every R10 you must have an extra 40 cents. To make a quick calculation, divide by 100 and then multiply by four to get the extra amount.

Under the "add-on" system you will get no indication of what the total tax will be, except under 13 cents unless the retailer is using a toll specialedt device to do so. But you will save tax if you can buy items under 13 cents at a time — so it pays, for example, to get your children to buy their sweets singly rather than in bulk.
A sample of how these tables look is given here. Note that tax is payable on a sliding scale even on items below R1. Only articles below 13 cents are exempt. From 13 to 37 cents the tax is one cent, from 38 to 62 cents it is two cents, from 63 to 87 cents three cents — and so on.

To calculate the tax on a large amount, first work out the tax on the rands and then on any odd cents. For example, the tax on R67.42 would be R2.68 on R67 plus two cents on 42 cents equals R2.70 in all. The total amount payable would then be R70.12.

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WET

Om voorsiening te maak vir die helling van verkoopbelasting: om die Insolvensiewet, 1936, te wysig ten einde voorsiening te maak vir 'n voorkeur ten opsigt van verkoopbelasting; om die Wet op Registrasie van Verkopers, 1978, te herroep; en om vir bykomstige aangeleenthede voorsiening te maak.

(INEngelse teks deur die Staatspresident geteken.)
(Goedgekeur op 20 Junie 1978.)

INDELING VAN ARTIKELS

Artikel
1. Woordbepaling.

DEEL I

Administrasie
2. Wet word deur Sekretaris uitgevoer.
3. Uitoefening van bevoegdhede en uitvoering van pligte.

DEEL II

Verkoopbelasting
5. Helling van verkoopbelasting.
6. Vrystellings.
7. Vaststelling van bruto waarde en belastbare waarde.
8. Datum waarop belasting geët is betaalbaar te geword het.
9. Persone aanspreeklik vir die belasting.
10. Verkaal van belasting op koper deur afslaer of ondernemer.
11. Vaststelling van belasting betaalbaar ten opsigt van 'n onderneming.

DEEL III

Registrasie en pligte van ondernemers
12. Registrasie van ondernemers.
14. Gebruik van registrasiesertifikat vir vrystellingsdoelendes.
15. Misbruik van registrasiesertifikat deur koper.

DEEL IV

Opgawes, betalings en aanslae
16. Belastingtydperk.
17. Opgawes, verklarings en betalings van belasting.
18. Boraming van belasting by versuim deur geregistreerde ondernemer om opgawe te verstreken.
19. Aanslae.

Act No. 103, 1978

GENERAL EXPLANATORY NOTE:

Words underlined with solid line indicate insertions in existing enactments.

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ACT

To provide for the levying of sales tax; to amend the Insolvency Act, 1936, so as to provide for a preference in respect of sales tax; to repeal the Registration of Vendors Act, 1978; and to provide for incidental matters.

(English text signed by the State President.)
(Assented to 20 June 1978.)

ARRANGEMENT OF SECTIONS

Section

1. Interpretation.

PART I

Administration

2. Act to be administered by the Secretary.
4. Secrecy.

PART II

Sales Tax

5. Levy of Sales Tax.
7. Determination of gross value and taxable value.
8. Date on which tax is deemed to have become payable.
10. Recovery of tax from purchaser by auctioneer or vendor.
11. Determination of tax payable in respect of an enterprise.

PART III

Registration and duties of vendors

12. Registration of vendors.
13. Validity of registration certificate.
14. Use of registration certificate for exemption purposes.
15. Misuse of registration certificate by purchaser.

PART IV

Returns, payments and assessments

16. Tax period.
17. Returns, declarations and payments of tax.
18. Estimate of tax on failure of registered vendor to furnish return.
19. Assessments.

DEEL V

Besware en appèlle

20. Sake wat na advieskomitee oor verkoopbelasting verwys kan word.
22. Appèlle.
23. Bewysstas betrefende vrystellings of nie-aanspreeklikheid.

DEEL VI

Betaling en verhaling van belasting

24. Wyse waarop belasting betaal word.
25. Boete weens versuim om belasting te betaal wanneer verduidelig.
26. Verhaling van belasting.
27. Juistheid van raming of aanslag kan nie in twyfel getrek word nie.
28. Sekuriteit vir belasting.

DEEL VII

Verteenwoordigers

29. Bevoegdheid om agente aan te stel.
30. Regstriktele van Sekretaris teen agent of trustee.
31. Pligte van persone wat in verteenwoordigende hoedanigheid optree.

DEEL VIII

Diverse

32. Terugbetalings.
33. Verhong teen advertening dat belasting geabsorbeer sal word.
34. Kontrakprys of teeprestasie kan volgens belasting gevaarleer word.
35. Registrasie van sekere goed verbied in sekere omstandighede.
36. Registrasie van liefdadigheidsinrigtings.
37. Verkoop van goed deur verkoopaagentie.
38. Belastingverrigting toelaatbaar aan sekere diplomate.
39. Reëlings vir invordering van belasting op goed in die Republiek ingevoer.
40. Aantekeninge.
41. Inligting.
42. Bevoegdheids van betreding en deursoek.
43. Mydrywe.
44. Mydrywe en strawwe betrefende belastingontduiking.
45. Juridieske van bowe.
46. Waarmerking en bestelling van stukke.
47. Reëlings om probleme en ongerymde te bowe te kom.
48. Reëlings.
49. Wysiging van belastingkaal of van Bylaas by hierdie Wet.
50. Wysiging van artikel 99 van Wet 24 van 1936.
52. Wet bindend vir Staat, en uitwerking van sekere vrystellings van belasting.
53. Kort titel.

BLYAE 1

Dienste

BLYAE 2

Vrystellings: Sekere verkoope van goed en belasbare dienste

Part V

Objections and Appeals

20. Matters referable to sales tax advisory committee.
22. Appeals.
23. Burden of proof as to exemptions or non-liability.

Part VI

Payment and recovery of tax

24. Manner in which tax shall be paid.
25. Penalty for failure to pay tax when due.
27. Correctness of estimate or assessment cannot be questioned.

Part VII

Representatives

29. Power to appoint agents.
30. Remedies of Secretary against agent or trustee.
31. Duties of persons acting in representative capacity.

Part VIII

Miscellaneous

32. Refunds.
33. Prohibition against advertising that tax will be absorbed.
34. Contract price or consideration may be varied according to tax.
35. Registration of certain goods prohibited in certain circumstances.
36. Registration of charitable institutions.
37. Sale of goods by selling agents.
38. Tax relief allowable to certain diplomats.
39. Arrangements for collection of the tax on goods imported into the Republic.
40. Records.
41. Information.
42. Powers of entry and search.
43. Offences.
44. Offences and penalties in regard to tax evasion.
45. Jurisdiction of courts.
46. Authentication and service of documents.
47. Arrangements to overcome difficulties or anomalies.
48. Regulations.
49. Amendments varying rate of tax or Schedules to this Act.
52. Act binding on State, and effect of certain exemptions from taxes.
53. Short title.

Schedule 1

Services

Schedule 2

Exemptions: Certain sales of goods and taxable services.
DAAAR WORD BEPAAL deur die Staatspresident, die Senaat en die Volksraad van die Republiek van Suid-Afrika, soos volg:—

1. In hierdie Wet, teny die samehang anders aangui, beteken—
   (i) „aanvangs-datum” 3 Julie 1978; (iv) 5
   (ii) „afslaar” ’n persoon wat ’n saak dryf in die gewone loop waarvan goed per veiling of uit die hand verkoop word, ten behoeve van ander persone, en ook ’n planlike bestuur, vereeniging of genootskap of ’n ander persone, openbare veilingen van goed hou of dit uit die hand verkoop, en enige persoon wat ’n openbare veiling van goed hou by die uitvoering van ’n hoofbeveel of in die loop van die likwidasie van die boedel van ’n ontekte of insolvente persoon of die likwidasie van ’n maatskappy; 15
   (ii)
   (iii) „belasbare diens” enige diens wat ingevolge Bylae 17 20
goe word ’n belasbare diens te wees; (xxxiii)
   (iv) „belasbare waarde” ’n belasbare waarde wat ingevolge artikel 7 bepaal is; (xxxiv)
   (v) „belasting” die belasting wat kragtens hierdie Wet 16 bepaal is; (xxxii)
   (vi) „belastingydperk” ’n belastingydperk ingevolge artikel 16 bepaal; (xxxvi)
   (vii) „bruikhuur” ’n ooreenkoms wat ingevolge paragraaf 15 van Bylae 4 geag word ’n bruikhuur te wees; (xii)
   (viii) „geregisterde ondernemer” ’n ondernemer wat die besitter is van ’n registraatiewertekort uitgerek ingevolge artikel 12; (xxxv)
   (ix) „goed”— (a) liggaamlike roerende goed, met inbegrip van ’n aandeel in die eiendomsreg op enige bedoelde goed, maar uitgesonderd— 30
   (i) munte wat Republiekse munte is ooreenkoms met die betekenis van daardie uitdrukking 35 noos in artikel 1 van die Wet op die Suid-Afrikaanse Munten en Munte, 1964 (Wet No. 78 van 1964), omskryf, en enige papiermunt wat ingevolge die Wet op die Suid-Afrikaanse Reeserwehank, 1944 (Wet No. 29 van 1944), ’n 40 wettige betaalmiddel is;
   (ii) enige wissel, bankwissel, posorder, poswissel of verhandelbare effekte;
   (iii) ’n seël, vorm of kaart wat ’n geldwaarde het en deur die Staat verkoop of uitgereik is vir die doeleindes van die betaling van poseeld of ’n belasting of reg geheer ingevolge ’n Wet van die Parlement, behalwe wanneer, nadat dit verkoop of uitgereik is, dit as ’n versamelstuk besit of verkoop word; 50
   (b) seëls, koepoms of tekens wanneer verkoop deur ’n handelaar ingevolge ’n plan waarmit die waarde van bedoelde seëls, by die terugval van bedoelde seëls aan die handelaar, gebruik staan te word as betaal van die kooppries van handelsware wat deur die besitter van die seëls van die handelaar gekoop is of gekoop staan te word, maar

Woordbepaling.

Schedule 3

Construction activities.

Schedule 4

Financial leases and rental agreements.

Schedule 5

Exceptions: Certain goods imported into the Republic.

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

1. In this Act, unless the context otherwise indicates—

   (i) "accommodation enterprise" means any business carried on in the Republic by any person in the course of which accommodation in any room, house, flat or apartment or on any caravan or camping site is regularly or systematically, without meals, let for residential purposes by such person to other persons for continuous periods not exceeding 45 days, in the case of each occupant; (xii)

   (ii) "auctioneer" means any person carrying on a business in the ordinary course of which goods are sold by auction or out of hand on behalf of other persons, and includes any local authority, society or association which or any other person who regularly or periodically conducts public auctions or out-of-hand sales of goods on behalf of other persons, and any person conducting a sale of goods by public auction in the execution of an order of court or in the course of the liquidation of the estate of a deceased or insolvent person or the liquidation of any company; (ii)

   (iii) "charitable institution" means any institution or organization of a public character which is registered or deemed to be registered as a welfare organization under the National Welfare Act, 1965 (Act No. 79 of 1965), and carries on charitable activities consisting of the provision of food, meals, board, lodging, clothing or other necessities, comforts or amenities to aged persons, children or physically or mentally handicapped persons; (xx)

   (iv) "commencement date" means 3 July 1978; (i)

   (v) "company" means a company as defined in section 1 of the Income Tax Act; (xxii)

   (vi) "connected person" means—

      (a) in relation to any other person (other than a company)—

      (i) any relative of that person contemplated in the definition of "relative" in section 1 of the Income Tax Act; or

      (ii) any company which is recognized as a private company under section 38 of the Income Tax Act and of which the said person is a shareholder, and any other company which is a connected person in relation to such a private company; or

      (b) in relation to a company (hereinafter referred to as the specified company)—

      (i) any person in relation to whom the specified company is under the provisions of paragraph (a) (ii) a connected person; or

      (ii) any company which is under the provisions of section 1 (3) of the Companies Act, 1973 (Act
What it means to man

... and the businessman
Look out for these tax signs

INCLUSIVE

INKLUSIEF

EXCLUSIVE

EKSKLUSIEF

These will be the signs to watch from Monday. They indicate what system of collecting the tax is used by traders.

In the case of inclusive, the four per cent VCT will be calculated on each item and shown as part of the price. In the case of exclusive the tax is added onto the total purchases.

The Consumer Council, Departments of Internal Revenue and Commerce, Assocon, Afrikaanse Handelsinstituut and the National African Federated Chambers of Commerce have accepted special coloured symbols — blue for inclusive and red for exclusive — to assist shoppers.

The three commercial organisations have called on their members to display the symbols in their stores and at cash registers.

The symbols are not intended to replace compulsory notices issued by the Department of Inland Revenue. The symbols are merely intended to complement these.

In fact, all vendors are compelled to display prominently at all entrances to business premises and points where payments are made an appropriate notice whether they are using the add-on or add-on method.

Where the add-on method is used, the tax added must be stated on any invoice, cash slip or other statement relating to the transaction.

Where several items are involved, the tax must be calculated on the total amount payable.

The new tax legislation also requires that advertisements must state whether prices are inclusive or exclusive of sales tax.

Vendors must also use the approved rounding-off tables (published elsewhere on this page) to determine tax additions.
(c) Explain the case of Thibeaux. Write down the adjectives that agree with the following nouns:

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<tr>
<th>Nouns</th>
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<td>The tax</td>
<td>Uniform, platonic</td>
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<td>Table</td>
<td>Classic, splendid</td>
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<tr>
<td>Session</td>
<td>Anecdotal, gossipy</td>
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<tr>
<td>Flow</td>
<td>Lucid, sultry</td>
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(d) Cut these official tax tables out and keep them as a handy reference.

The tax tables

3/20/77
Question 747 col. 971 and 972.

...
Transkei's decision to apply a general sales tax (GST) on the same basis as SA's has left the Bophuthatswana government unmoved. Solomon Rathebe, Bophuthatswana's secretary for economic affairs, tells the FM: "We have deferred the issue of the introduction of the tax."

Bophuthatswana's stand has caused some concern in SA political circles. Progressive Federal Party finance spokesman Harry Schwarz has questioned whether the SA government will place restrictions on imports from Bophuthatswana after the imposition of the sales tax. The fear is that many SA citizens will drive to the former bantustan to buy and import goods tax free, which could help Bophuthatswana's economy.

Secretary for Inland Revenue Mickey van der Walt is not concerned, and doubts whether the amount saved by buying in Bophuthatswana would be equal to or more than the tax avoided. This is also the view of Assocom executive director Raymond Parsons. Even so, savings on purchases of high value goods can be substantial: especially if they are small in volume. For example, you could save R1,000 on, say, 100 expensive watches.

Transkei officials, however, seem to place more emphasis on the revenue that the state coffers will get from the tax than on the prospect of tax avoiding business setting up in their country. Estimates of revenue range from R5m to R30m. The exact amount will depend on how successfully the tax can be applied in the largely unsophisticated rural retail outlets.

This is one of the biggest headaches facing the inland revenue authorities in the Transkei. As one government spokesman put it: "Traders in the outlying areas are not accounting conscious. Many will not keep financial records and in these cases it will be nigh impossible to say who owes what.

Lack of financial sophistication has also affected the method of applying the tax. Unlike the SA legislation, which permits traders free choice between using the add-in and add-on method of tax collection — and which has caused some furor already — the Transkei has opted for compulsory add-in. Exceptions may be granted by the Finance Minister in certain cases.

Thus, for example, the Transkei Development Corporation (TDC) chief, Franko Maritz, told the FM that the TDC's motor division will probably try for an add-on collection system, but the remainder of the organisation will go for the add-in version.

The Transkeian system is like that in SA — requires firms to register as vendors. Only then will certificates be provided to exempt such enterprises from paying tax on their purchases of stocks. So far, roughly 80% (one third of the total anticipated number of vendors) have applied for certificates and been supplied with them.

This nearly matches the progress made in SWA, where the review of revenue has issued 5,000 certificates, out of an anticipated total issue of roughly 13,000; but is not nearly as good as in SA, where roughly 180,000 certificates have been posted to applicants out of the anticipated total of 220,000.
tax deadline

At the deadline, the tax rate is 3.5% for all businesses. A late penalty of 5% will be charged on all outstanding balances.

In order to avoid any penalties, businesses must file their tax returns by the deadline of April 15th. Failure to do so will result in a substantial fine.

Business owners are encouraged to consult with their accountants to ensure compliance with tax laws.

For more information, visit the website of the local tax authority.
Thirty percent of the new sales tax pool by restaurant cafe owners will come out of their own pockets.

This was the estimate given today by several cafe proprietors who said they stood to lose thousands of rands a year.

Mr. D. Nicholls, chairman of the Tea Room Restaurant Proprietors and Caterers' Association, explained that about a third of their turnover came from the sale of goods costing less than 50c and not liable to sales tax.

While the public would not be paying the cafe owners would have to absorb the added cost of increasing the cost of menu items.

Mr. Nicholls also estimated that 95 percent of tea rooms would use the inclusion system where the sales tax would be added on the price tag of the articles displayed.

This would avoid difficult explanations to young children who knew nothing about the addition system. It would prevent possible unpleasantness with less sophisticated adult customers who would have it hard to understand why prices marked on goods selected were suddenly increased at the pay counter.

The Association of Chambers of Commerce (Assecoom) has issued a final reminder to businesses to prepare for the general sales tax.

REMEMBER

In a Press statement, Assecoom reminded business owners today that:

1. Retailers must decide whether to adopt the exclusive (paid-on) or the inclusion (paid-in) system of collecting the tax.

2. All shops and advertising must display clearly whether prices include or exclude the tax.

3. All vendors must register with the Department of Inland Revenue to obtain necessary permits.

4. Stores which have decided on the inclusion (paid-on) system must retain all their stock to July 3.

The president of the S.A. Federation of Clubs and Institutions, Mr. J. P. Crane, appointed today to the board of the country to help with the introduction of the general sales tax by enlightening their employees, particularly their back workers.
NOTICE 512 OF 1978

EMPLOYEES' TAX DEDUCTION TABLES

1. In terms of paragraph 9 (2) of the Fourth Schedule to the Income Tax Act, 1962 (Act 58 of 1962), as amended, it is hereby notified that employees' tax deduction tables (identified as Volume 18) have, in terms of paragraph 9 (1) of the Schedule, been prescribed for use by employers as defined in paragraph 1 of the Schedule.

The tables shall come into force on 1 July 1978 and shall remain in force until further notice.

It is further notified that the employees' tax deduction tables which came into force on 1 March 1977 shall be withdrawn with effect from 1 July 1978.

TAX TABLES FOR PROVISIONAL TAXPAYERS

2. In terms of paragraph 17 (6) of the Fourth Schedule to the Income Tax Act, 1962 (Act 58 of 1962), as amended, it is hereby notified that tables (identified as Volume 17) have, in terms of paragraph 17 (5) of the Schedule, been prescribed for optional use by provisional taxpayers.

The tables shall come into force on 1 July 1978 and shall remain in force until further notice.

It is further notified that the tables for provisional taxpayers which came into force on 1 July 1977 shall be withdrawn with effect from 1 July 1978.

3. The employees' tax deduction tables and tax tables for provisional taxpayers may be obtained by registered employers and provisional taxpayers from the offices of Receiver of Revenue on the establishment of the Department of Inland Revenue.

W. J. H. VAN DER WALT, Secretary for Inland Revenue.

(30 June 1978)

KENNISGEWING 512 VAN 1978

WERKNIEMERSBELASTING: AFTREKKINGS-
TABELLE

1. Krants paragraaf 9 (2) van die Vierde Bylae by die Inkomstenbelastingwet, 1962 (Wet 58 van 1962), soos gewysig, word hierby bekendgemaak dat aftrekkingstabelle (geïdentifiseer as Volume 18) ingevolge paragraaf 9 (1) van die Bylae vir gebruik deur werkgewers, soos omskryf in paragraaf 1 van die Bylae, voorgeskryf is.

Die tabelle tree op 1 Julie 1978 in werking en bly tot ander kennisgewing van krag.

Voorwaarts word bekendgemaak dat die aftrekkingstabelle wat op 1 Maart 1977 van krag geword het, teruggetrek word met ingang van 1 Julie 1978.

BELASTINGTABELLE VIR VOORLOPIGE BELAS-
TINGPLIGTIGE

2. Krants paragraaf 17 (6) van die Vierde Bylae by die Inkomstenbelastingwet, 1962 (Wet 58 van 1962), soos gewysig, word hierby bekendgemaak dat tabelle (geïdentifiseer as Volume 17) ingevolge paragraaf 17 (5) van die Bylae, voorgeskryf is vir optionale gebruik deur voorlopige belastingpligtige.

Die tabelle tree op 1 Julie 1978 in werking en bly tot ander kennisgewing van krag.

Voorwaarts word bekendgemaak dat die tabelle vir voorlopige belastingpligtige wat op 1 Julie 1977 van krag geword het, teruggetrek word met ingang van 1 Julie 1978.

3. Die werknemersbelastingaftrekkingstabelle en die belastingtabelle vir voorlopige belastingpligtige is deur geneemde werkgewers die voorlopige belastingpligtige verkrybaar by die kantoor van Ontvangers van Inkomste op die dienstsaal van die Departement van Binnelandse Inkomste.

W. J. H. VAN DER WALT, Sekretaris van Binnelandse
Inkomste.

(30 June 1978)
other publishers, like Barclaycard magazine, are on to it too. And others will surely follow.

On giveaways, the law is specific. Gst is payable either on cost or market value, whichever is less. So all the publishers of giveaways must do to minimise their tax payment is establish a fictitious “market value” by printing as low a cover price as they think they can get away with.

It makes no difference to the reader whether the cover price shows 30c or 10c, for he receives it free anyway. But it does make a difference to the publisher, who is liable for 4% tax on whatever cover price (market value) he decides to print. The lower the price, the less the tax.

Publishers of giveaways make their money from advertising revenue. They are not interested in a selling price. If they did have to charge for their publications, readership generally would drop to the point where they presumably would be unable to support their advertising rates, which makes “market value” a dubious and highly subjective concept in this connection.

Inland Revenue would be unhappy if it finds ridiculously low market values being established. States a Revenue spokesman: “If they try to verneuk us, we are going to clamp down.”
Car sales peak as GST looms

EAST LONDON — Mention the four per cent general sales tax which comes into effect on Monday to the man in the street and all you'll receive is a scowl. And there is ample reason for many East London car salesmen to be smiling all the way to the bank during the past few weeks as, for some, sales have doubled as people rushed to buy cars before the sales tax comes into effect.

In fact, sales have been so good that the inspectors at the traffic department have battled to cope with the flood of cars in for roadworthy certificates, and they had to close their doors early yesterday morning, and again at 2.45 pm when all the applications that could possibly be accepted for the afternoon had been taken in and the yard was full of cars.

"Our full complement of inspectors has been operating continuously and we have handled about 123 cars a day during this week," said the acting traffic chief, Mr N. J. Odendaal.

The manager of the motorcar sales division, Mr O'Mahoney, said he had doubled his sales during the past week. Salesmen were rushed off their feet and had to deliver cars late into the night. Cars either have to be delivered or payment received before the tax deadline, and he said many people had bought cars which could not be delivered for 10 days or more.

"The fleet side has been particularly good, with fleet owners deciding to replace cars which wouldn't have replaced until later in the year were it not for the tax," Mr O'Mahoney said.

Used cars were also selling well, but the private owner who was due to buy a new car was not worrying about the tax as it would only represent a few rands a month, he said.

An Automobile Association statement said it was inevitable the next few weeks would lead to increased confusion and misunderstanding among those engaged in registering vehicles they had purchased.

They appealed to officials to treat motorists with understanding when they inadvertently exceeded their deadlines.

They expect many motorists to complete their transactions in June, but not to have roadworthy certificates until well into July.

- The three motorcar plants in Port Elizabeth and Uitenhage are working overtime and taking on more staff to meet the demand for new cars.

This is in sharp contrast to a year ago when some plants were working short time and still reducing staff in the face of one of the severest depressions the Eastern Cape — and the country — had experienced.

The industry started gearing up some time ago to provide for the expected rush before the introduction of general sales tax on Monday.

Then came the launching of new models which required stepping up the production schedules. These include Volkswagen's Golf, Ford's new Granada, and two new models to be launched by General Motors this month.

The financial director of Ford, Mr Brian Ryan, said yesterday that in August last year one plant was still working a four-day week which started in August 1978. "Sometimes it was even less."

In the last quarter of last year the situation improved and the plant reverted to a five-day week. It was now working overtime, he said.

The company's other plant started working to maximum production at the beginning of the year and Ford had to take on more men. "There are certainly a lot more wages around," he said. — DDC.

(b) Homini fidelissimi sunt equus et canis
(The horse and the dog are most faithful to man)

(c) Ille mi pare esse deo videtur
(He seems to me the same as a god).
Beat-the-tax buying binge

Mercury Reporters

CONSUMERS are draining their cash reserves and relying heavily on credit in a desperate last-minute effort to beat the sales tax by buying before shops close today.

Durban shops reported yesterday far more customers than ever before were buying on credit cards or hire purchase.

The credit card section of a leading bank reported yesterday that it was "snowed under," trying to process authorisations for credit purchases of over R100.

The money being spent in these large amounts was yesterday about 10 times the figure for a normal day, after rising steeply from the start of the week.

The spending spree has also exhausted stocks of basic foodstuffs — such as cooking oil and sugar — in some supermarkets.

The managing director of a large discount store said yesterday that sales for this month had topped the December mark on Wednesday and were likely to be 15 percent higher by today.

Buyers are concentrating on expensive products to save greater amounts of tax and motor dealers were yesterday rushed off their feet.

A Pinetown dealer said that on Thursday for the first time ever he had banked more than R100,000 and yesterday this figure shot up to R150,000.

All but one of his saloon models was sold out and even commercial vehicles were scarce. Another all-time record was 117 vehicles sold in the month — the first time the monthly figure had exceeded 100.

The rush on cars meant a headache for the banks who had to process hire-purchase deals before Monday if their customers were to escape GST.

One bank said it would probably be unable to cope with the load.

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3/ Section 57 (1) (a) Table (page 58)

4/ Section 57 (3)

5/ Section 40

6/ Section 58 (1) (page 59)

7/ Section 39 as amended in 1975 by Pr

8/ Section 40 (1) op.cit (page 59)

9/ Section 41 op.cit

10/ Section 42 op.cit

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Western Cape general living
DAAR was gisteren deil die land dankbare glimlachie: Die bitter pil van mlore se verkoopbelasting van 4 percent is versuikker deur 'n belasting passela van R245 miljoen wat die Minister van Finansies, sen. Owen Horwood, van aangeloogd het.

Verkoop was ewe bly as verbruikers dat goed soos sommige elektriese stowes, motoronderdele, bote en selfs reukwater en prakte, orretel in kliere verkoop. Daar is nie nie 'n bakte nie gereeld slegs omdat die verkoop daarop afgeskaat sy. Die prysspesiging van ander goedere soos motors en beeld-

radio's kan ook effens in die bedrag gebrag word omdat die ou verkoop na 'n akrysbelasting verander word, en dit is verlig.

Hierdie statape is in die breet verslag, en word as nodige inspleting gesien vir 'n ekonomie wat waarryk.

Mlore se verkoopbelasting van 4 percent sal nietemin nog wat af aan die beurste, want die jaarlikse inkomoste daaruit word op tussen R400 en R500 miljoen per jaar geraam. Sommige runing is dat die Statists tot R1 000 miljoen per jaar uit die verkoopbelasting gaan kry.

Gister se toegewinge gaan die Statists net R150 miljoen in die huidige boekjaar kos.

In 'n verklaring gister in Pretoria sê sen. Horwood dat die ou verkoopbelasting van 28 persent nu omgeskaal word na 'n ad van tometers akrysbelasting van nie hoër as 20 percent nie. Die verkoop op sommige ander goedere word van mlore af beheerlaag afgeskaat.

Die kosteverriggings was hierin voorlig, behoor binnekort in hie kleinskips. Pragse van nuwe voorrade weerspeel word op al die items wat tot dusver aan verkoop onderhewig was.

In totaal sal hierdie toegewinge 'n verlies aan inkomoste vir die Statists van nie minder as R245 miljoen per jaar meneer. Die huidige boekjaar sal die koste van hierdie toegewinge ongeveer R150 miljoen meneer.

Die stellensbos met 'n belastingmeevallere van motors gaan nie veel verlies aan die prys van motors nie, sê mnr. J. H. van Nieusse, direkteur van die Motorverbouwefedele.

Hij verwag dat seker motors en vervaardigers ook nie kan gaan af die prys met 'n belastingmeevallere van motors nie. Die oorsaak van verskeie motors is nie nie meer as R200 miljoen per jaar meneer. Die huidige toegewinge was slegs 28 percent, en dit sal ook groo-

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Deur ALPHONS DU TOIT

HANDELAARS wat mense van mérre as 4 persent ekstra op agterstallige rekenings wil laat betaal, speel met vuur. Daar is etille gevalle onder die aandag van Sake-Rapport gebrein van handelaars wat dreig om dit te dee.

Gevra: hieroor het mr. Micky van der Walt, Sekre- taris van Binnelandse In- komste, aan Sake-Rapport gesê: "Die wet se uitdruklik dat goeëeere en sekere ab- diste wat voor 3 Julie gelever is, nie aan die verkoopbelasting onder- wig is nie. Die ken van die hele verkoopbelasting berus op die datum waarop sekere dienste en goedere gelever word. In die geval van kontanttransaksies is die kerdag die datum waarop die bedrag ten volle verboef word."

Mr. Van der Walt het dit daal duidlik gestel dat krediettransaksies wat voor 3 Julie aangegaan is, beslis nie aan die verkoopbelasting onderwieg is nie. Winkels mag dus nie die verkoopbelasting van 4% op agterstallige rekenings het nie.

Soos die mense van 3 Julie 'n kontrak onderteken het en die goedere ook vóór 3 Julie in ontvang geneem het, is daar geen sprake van 'die belasting nie. Maar as die kontrak vóór 3 Julie ondertekeen is, maar die goedere ná die datum afgelever is, tree die belasting in werk. Mr. Van der Walt het handelaars ook gewaarsku dat die gebruikmaak van die verkoopbelasting as 'n verkoopofie streng teen die wet is. 'n Handelaar wat deur die belasting nie hef nie of dit self absorbee nie, kan vervolgd word.

'Reelwat mens deur die RAP- PORT gestalk en gevra of vaste eiendom, diens en verkoop daarvan, ook geraak word. Die on- uwoorde verskyen in die ver- buikersrubriek op bl. 2.

'n Ander probleempunt is die belasting van dienste te wees. In die verband is die volgende dienste wel belasbaar: Motorherstel, soos soe boedeltryk, elektris- ken, haarkapperdiens, dokter dienste, kleremak- terdiens, fotografiese dienste of byvoorbeeld dienste gele- wer deur gymnasiums en seuls massaersalonne.

Professionele dienste, soos die van 'n dokter, argitek, tandarts, verae of foto- rekenmeester is nie belas- baar nie. Môr wanneer 'n dokter besoek en by skryf 'n voorskrif vir iets, moet die ver- koopbelasting by die ap- teek betaal.

Finansiele dienste van bankie, bouervenigings as suursemiaatkoppie ens. is ook van die belasting vrygestel. Die wette en ver- buikers deur middel van die verkoopbelasting uit te bui, moet onmiddelly an- lik by die Departement van Binnelandse Inkomste aan- gemeld word.

'Ek wil die publiek graag die verskyning gee dat geen misbruik van die ver- koopbelasting toegelaat sal word nie. Daar is twee stelsels wat toelaatbaar is, die ingevoegde (waar die belasting by die prys inge- vooig is) en die toegevoegde (waar die belasting by die verkoopprys toegevoeg is). Handelaars kan een of die ander kies maar nie albei nie," se mr. Van der Walt.

Motorhawe is 'n uitson- dering. Vir petroleumkoep- sal hulle die ingevoegde stelsel gebruik en in alle ander afdelings die byge- voegde stelsel.

Sake-Rapport, 22-3-38
Now the good tax news

Horwood's price-cut promise

Tribune Reporter

TAX and excise-duty concessions to counter the effects of the four percent General Sales Tax were announced by the Minister of Finance, Senator Owen Horwood, yesterday.

The concessions mean many items from cars to shoes and jewellery will cost less.

Senator Horwood has promised his department will make sure the benefits are passed on to the public.

"I feel that it is now time to implement the recommendations of the standing committee on tax policy and to convert the sales duties on luxury goods into add-on excise duties," he said.

Senator Horwood

"The maximum excise duties on these goods will now not exceed 20 percent compared with the present 28 percent sales duty."

The General Sales Tax had also made it necessary to abolish the sales duty on all other goods.

The concessions which would cost the Exchequer $250 million this year, would reduce the escalating effect of price increases on all goods formerly subject to sales-duty and would also fight inflation.

He said: "The resultant cost reductions would soon be reflected in lower retail prices on new stocks of all items that have so far been subjected to sales duties. An extremely serious view will be taken of any move by traders not to pass on these price reductions."

Goods that will be reduced in price—expect to pay about 4 percent less—include stationary, typewriters, tableware, suitcases and hand luggage, stoves, refrigerators, washing machines, caravans, toys and motor spare parts.

The add-on excise duty will mean a reduction in the price of cars, aircraft, pearls, precious and semi-precious stones, precious metals, electrical equipment, photographic equipment and arms and ammunition. Because excise duty varies on these items from 5 percent to 20 percent savings cannot be calculated at this stage."
Saturday morning fever to beat GST

By Vita Palestrant

For retailers it was a June Christmas. For consumers it was the shoving, bending and hopping of Saturday morning fever as they valiantly fought off general sales tax.

But some will regret it.

Certain consumer goods will be cheaper this week because of reductions in sales duty. The announcement was made on Saturday while unsuspecting consumers bought in a wild frenzy.

...But back to Saturday fever, and the Killarney centre, in Johannesburg, where shoppers stockpiled medicines that would be dated by the time they used them and food that would be raised by the time they ate it.

Elderly Mrs E Frank was upset: “I don’t have enough money to buy what I want. I’m a pensioner’s wife.”

Said Miss Nana Moyane: “I’m very worried about this. I live in Soweto and things are expensive enough as it is.”

A pharmacist dashed from one of his customers to another.

Mrs E Swanepoel was upset: “I don’t have enough money to buy what I want.”

Mrs E Swanepoel was upset: “I don’t have enough money to buy what I want.”

A pharmacist dashed from one of his customers to another.

The whole world is going mad. My customers have stocked up with a year’s supply of medicine which will be dated by the time they use it,” he said.

Mr A Batzofin, a butcher, said: “I’ve warned my customers about stockpiling food that will go rancid. It’s crazy.”

A tobacconist looked despairing: “My vendor’s certificate hasn’t arrived and, between now and Monday morning, I have to remark thousands of items. It’s a nightmare, I’ve got two shops.”

A sweetshop owner, Mr J Lapin, concentrated his gaze on a large jar of black balls: “That’s 30% of my business. Items under 13c, and I have to give the receiver 4% of my turnover.”

Supermarkets agreed that Saturday’s morning rush was worse than the normal Christmas rush.

“Our sales were way above Christmas figures,” said Mr Raymond Ackerman, chairman of Pick ‘n Pay.

Mr Allan Fabig, a director of OK Bazaars, said: “We had an outstanding month.”

And Mr Bob Harvey, vice-chairman of Checkers, said his stores had a rush that was worse than at Christmas.
Praise, but also a rap for Horwood

By GERALD REILLY
Pretoria Bureau

COMMERCE and industry yesterday welcomed the announcement by the Minister of Finance, Senator Owen Horwood, that selective sales duty is to be abolished on a large range of goods and significantly reduced on others.

However, the Minister was strongly criticised by other sources for leading the country "blindfolded" into a buying spree to beat the introduction of the 4% General Sales Tax which comes into operation today.

In fact, many of the commodities' consumers rushed to purchase before the GST deadline will soon be cheaper.

Before the Minister's weekend announcement, commerce and industry feared the shrinking of consumer demand by R1 090-million a year — the effect of GST — would further depress the economy.

Economists agreed yesterday, however, that the abolition or reduction of sales duty would lead to significant reductions in the prices of a wide range of commodities, even after taking GST into account.

The chief economist of the Federated Chamber of Industries, Mr Ham mond-Tookey, said the move would make possible an increase in consumer spending and strengthen the Government's aim of a consumer-led climb out of the recession.

The Rand Daily Mail's Financial Editor, Howard Proeve, writes that the South African economy is struggling to emerge from its longest recession in 40 years.

Some economists recently warned that the economic growth rate in 1978 was again flagging. They warned that GST would add to the dangers by reducing the real value of consumer spending power.

Senator Horwood's decision on sales duty will help meet some of these fears.

Sales duty has been abolished on such items as stoves, carpets, refrigerators, and typewriters.

The duty has been reduced on items including cars, cameras, television sets, radios, record-players and clocks. It is estimated this will cost the Treasury R245-million in a full year.

There will still be some criticism, however, of Senator Horwood's economic strategy. Some businessmen and opposition politicians believe he should have given priority to exempting basic foodstuffs from GST.

They argue that this would have given more assistance to the poorest sections of the community.

Labour leaders, including the president of the Artisans Staff Association, Mr Jimmy Zürich, welcomed the abolition of the sales duty but criticised the Minister for failing to give consumers ample notice of his intention.

"People were panicked into buying beyond their means and the Minister could have stopped this had he wanted to," Mr Zürich said.

The Minister said that sales duty applied up until Saturday.

This means that goods which left manufacturers or warehouses on Saturday are still subject to duty and the effect of the concessions will be felt only when the existing stocks are sold out.

© See Page 2
So what's new about sales tax?

It may not be generally known that as far back as 1922, the then Administrator of the Cape, Sir Frederick de Waal, sought to introduce a draft ordinance to impose a tax on "the sale and other transactions in respect of goods, wares and merchandise" within the province of the Cape of Good Hope.

His proposed ordinance was known as the "Provincial Sales Tax Draft Ordinance", but sales tax being indirect taxation, the Provincial Council was not empowered to impose it.

However, a provincial council could recommend that Parliament pass any law relating to any matter for which a council was not competent to make ordinances.

The Cape at that time then levied an additional licence duty, calculated on gross receipts. This turnover tax was subsequently abandoned.

When a sales tax was introduced in 1969 it was received with mixed feelings and faced strong opposition.

Although it had been indicated that it would not be imposed on articles required by lower income groups, in practice the tax was levied on items which came under the category of essentials.

One of the reasons for the imposition of the tax was obviously to include people from all walks of life, irrespective of their incomes.

The principle of a sales tax was one of the provisions recommended by the Franzen Commission. The recommendations, however, did not envisage a tax on food, footwear, clothing or household and health expenditure.

In fact, the Franzen Commission's report repeatedly made the point that any change should be made as painless as possible, and that the burden on the lower income groups should be as light as possible.

It had been expected that the tax would apply to "luxury, semi-luxury and durable goods", but the actual list of goods taxed did not in any way bear much relation to these categories.

The 1969 sales tax comprised a tax of 20 per cent on luxuries, a lower tax of five per cent on certain other goods, and a basic tax of 10 per cent.

It was obviously intended as a means to compensate for individual tax concessions — concessions which amounted to about R38 million in lost revenue.

The then Parliamentary Opposition did not disagree with the Minister of Finance at the time, Dr Diederichs, lowering indirect taxation and increasing indirect taxation, but it disagreed with his choice of items for indirect taxation.

They favoured the readjustment of income tax scales and the imposition of a sales tax on a more selective basis.

Now, nine years later, a new general sales tax of four per cent has come into being.

It has proved to be as controversial as the 1969 sales tax.

In his Budget speech, the Minister of Finance announced reductions in sales duty. He indicated that he wanted to cause the least possible disruption at the change-over from one duty to the other, and to ensure that the reduction in sales duty was passed on to the consumer in the form of lower prices.

The Sales Tax Act of 1978 is a lengthy document and its provisions indicate that these will become a permanent feature of our taxation.
Cut in sales tax drops some prices

The Financial Editor

ORGANISED consumers and industry yesterday welcomed the announcement by the Minister of Finance, Senator Owen Horwood, that the sales duty is to be abolished on a large range of goods and significantly reduced on others.

This move will add a new stimulus to retail sales tax introduced today.

This was the view of members of commerce and industry to whom I spoke in Durban yesterday.

They said that although it

might take time for the benefits from the elimination of sales duty on various goods to filter through to the consumer, it would be to the advantage of people in all sections of society.

Senator Horwood had previously accepted a recommendation to convert the sales duties on certain less essential high rated goods into ad valorem excise duties later this year.

Senator Horwood at the weekend said: "I feel that it is now opportune to implement this recommendation and to go even further in the process by reducing the rates of all goods affected."

Mobilisation

"The maximum excise duties on most goods will not exist, 20 percent, compared with the present 28 percent sales duty and 33 percent, before the budget."

The Minister made the following points:

1. The sales duty on all goods, other than certain less essential high rated goods mentioned in his budget speech, would be abolished;

2. The concession would reduce the escalating effect of price increases and reduce inflationary pressures;

3. The government's policy of a gradual stimulation of the economy would continue;

4. In total the concession would entail a loss of revenue in the order of R345 million over a full year but for the current year the loss would be R150 million and

5. Goods removed from manufacturers' warehouses up to and including July 2 were still subject to sales duty at the old rate.

Mr. Roland Venter, the director of the Natal Chamber of Industry, said that the chamber had anticipated a further reduction in sales duty.

Mr. Ken Hobson, general manager of the Durban Chamber of Commerce, said there had been some "suspicion" buying recently and people would have been better off if they had waited.

Rational

A Durban bank manager said that he surely isn't out of money on Friday.

Our Prentice correspondent says economists agreed yesterday that the effect of the sales duty would lead to significant reductions in the prices of a wide range of commodities even after taking into account the 4 percent hike tax.

The chief accountant of the Federated Chamber of Industries, Mr. Hamish Todd, said the abolition of the sales duty on a wide range of goods and the significant reduction of duty on other goods - mostly luxury goods - would make possible an increase in consumer spending and strengthen the government's aim of a consumer-led climb out of the four years of recession.

The duty had to go because it has been exploited to its limits as a revenue source.

Increasing

The sales duty applied at the manufacturing end had also led to an escalation of prices as it passed through the pipeline to the retailer.

The excise duty now to be imposed on certain luxury and semi-luxury goods, such as perfumes and cosmetics in motor cars would lower the tax rate in between 5 and 20 percent.

Labour leaders, including the president of the Artisans' Guild Association, Mr. Janmy Zuritz, welcomed the Minister for failing to give consumers simple notice of his intention.

Stimulus

By leaving the announcement in the last moment the Minister has stimulated consumers into a costly spending spree on over-priced goods.

Sales duty has been abolished on such items as stoves, air-conditioners, refrigerators, and televisions.

The duty has been cut on items including cars, caravans, television sets, radios, video players and clocks.

A Horizon report says that with the introduction of general sales tax, it is expected to be at most likely held up, but should get moved by the tax by the end of the week.

But 'In Post's Mr. Alan Gardner said that his staff had been trained for a month and all the cash registers would be replaced by tomorrow for their add-on method.
Sales tax chaos as GST starts

For this July, the registered shops in city not in city not

9 000 shops
Waiting

Several Indian traders said they were still waiting for their bookkeepers to advise them which system of collecting the tax they should use. Some sales assistants were unaware which system was being used.

Although the supermarkets maintained that consumers were well prepared for GST, many small shopkeepers reported resistance to the tax.

There was also widespread confusion in black townships because many black traders and consumers did not understand how it works.

Most traders interviewed by The Star at the weekend appeared confused about all the implications of the tax.

A few did not yet know the difference between the "inclusive" and "exclusive" systems. Interviews with many black consumers showed they knew little about the new tax and its implications.

In Soweto

Mr Veli Krasa, chairman of the Soweto Traders’ Association, predicted that confusion could result from its introduction. Efforts were being made to organise lectures for Soweto traders soon to help them overcome problems created by the tax, he said.

Some of the bigger supermarkets in Johannesburg had staff working through the night last night in preparation for the new tax.

Not only were they re-marking goods, but replenishing stocks after one of the heaviest trade

"Chelton Pharmacy in President Street had problems this morning with a man who argued about having to pay one cent extra on a packet of headache tablets."

Pharmacy owner Mr B. Melienblowitsch said the man threatened to "assassinate those fools who keep putting up the price."

"This remained cool and gently got him to pay the inclusive cent," Mr Melienblowitsch added.

A salesman at Continental Bakery in President Street said a "rich white woman" refused to pay one cent on a S3 Chelsea bun this morning. After an argument, she stormed out of the shop.

Continental Bakery used to sell its Chelsea buns for 12 cents until today when all 12 cent cake prices were raised to 13 cents.

"It’s our own new price," a salesman said, "and we're not adding the usual one cent sales tax on the new 13 cents."

A President Street cafe owner charged a Star reporter 12 cents tax on a R1.87 bill this morning. He should have charged eight cents.

The cafe owner had obviously worked out the tax in his head. He did not consult a tax table and had no signs in his store stating whether he was using the exclusive (add-on) or inclusive (add-in) system of collecting. The cafe owner later conceded that he had made a mistake and promised to refund the four cents owed.

To Page 3, Col 10
Confusion over sales duty on motor vehicles.

The government plans to impact on new motor vehicles.

Lower excise tax on luxuries.

Unavoidable confusion among customers was reported by shopkeepers after the announcement that duty was being increased on luxuries and replaced by a lower excise tax.

On Monday, Mr. John Smith, the owner of a small electronics store in the downtown area, expressed his concern about the recent changes.

"The sudden change in pricing will definitely confuse our customers," he said. "Many of our customers are not aware of the new tax and may end up overpaying.

"We are trying to educate them about the new rates, but it's a tough task," he added.

Mr. Smith is not the only one facing confusion. Many shopkeepers and customers are left wondering how the tax change will affect them.

The government has assured that there will be no increase in prices for goods already purchased.

"We want to ensure that the customers are not hurt by this sudden change," said Mr. James Brown, the finance minister.

However, the confusion continues to persist. It is hoped that随着时间的推移, everything will settle down.

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*The Star, Monday, July 3*
A shambles as buyers greet GST

Financial
Editor

UTTER confusion greeted the general sales tax introduced to South Africa yesterday. Many retailers weren't ready, businessmen hadn't received their tax exemption certificates and the buying public was bewildered and suspicious of the new system many didn't understand.

After consulting his lawyer, financial advisor Owen Horwood had to cancel sales duty on a wide range of products added to the problems because retailers and consumers must now wait to see how prices will be affected. This must have a depressing effect on the market.

Mr. Roland Frankel, the manager of the Natal Chamber of Industries, said it could take some time for the reductions to move through the pipeline even though the pre-GST buying spree reduced stocks considerably, making way for lower priced replacements.

Among the problems experienced in Durban with the administration of the GST yesterday were:

Cars — A second-hand car dealer found he couldn't register a car which had just been sold because a form VB 16 had to be completed at the Receiver of Revenue's office to certify that sales tax would be paid. The forms are not available in Durban.

Supermarkets — A customer at a supermarket, which is adding in the tax, demanded 20 half lemons of bread to avoid GST. The owner of the store refused to supply him.

Televisions — The user of a television set has discovered that at the store he bought it and the brand he will have to pay GST on future rental payments.

Traders

Goods — A woman who had partly paid for some goods earlier this year but who had not taken delivery found she will have to pay GST on the deal.

The picture in Johannesburg was no different, reports Sapa.

With a reported 9,000 Johannesburg traders still not registered with the Department of Inland Revenue GST on the Rand began in confusion and uncertainty.

Many stores have not yet decided whether to use the inclusive or exclusive system of levying the GST and of 13 shops surveyed in Commissioner Street only two displayed the tax tables required by law.

Several Indian traders said they were still waiting for the bookkeepers to tell them which system to use and some sales assistants had not received instructions.

Supermarkets said many of their customers were well-informed but a chemist commented: "My first customer was an aggressive man who didn't want to pay one cent extra for his pills."

In Soweto, Black traders said they were confused and Mr. Veli Kanaa, chairman of the Soweto Traders' Association, said members were being organised to help overcome problems.

Mr. Neil Werberoff, chief buyer for one leading supermarket group, said customers were just beginning to understand what the GST meant when the decision to scrap the sales duty hit them. "Now they are totally confused," he said.

He forecast that scrap- ing sales duty would cost the Government about R150 million a year, that it would have little effect on low wage earners and that it would allow unscrupulous retailers to take advantage of customers.

One invoice cleared up at the weekend was tax retained on empty bottles. The Department of Inland Revenue has decided customers will be taxed on the full amount — bottles and contents — and tax will not be refunded when the bottle is returned.

A spokesman for a large dish-wash manufacturer said, however, that the situation "will be ridiculous." Consumers were being made to pay tax on something non-consumable.

"The average life of a bottle was 20 trips — the number of times it was returned to the manufacturer. "Additions of bottles are handled every year and the Receiver is going to be getting a lot of money if the bottles are taxed each time they are sold. Consumers should be made to pay tax on the contents only," he said.

Problem

In Durban shopkeepers appeared to prefer the 'add-on' tax system. There was no uniformity among shopkeepers in a map survey by the Mercury about how they were handling the tax.
By AARON LA NORT

Feeling's mixed on basic foods over sales tax
Get some GST Leeway

9000 Layby Traders

Taxes remain the same.

If we increase our sales
and deduct GST & HST, we'll
make a profit. GST & HST
will only reduce the price
of our products.

The GST levied on new
products, which has increased,
will only be increased by
the price of our products.

Adding GST & HST will
also increase our profit.

For the 6000 taxpayers in
the province of Nova Scotia,
who earn more than $50,000,
our tax bill will go up.

When the tax bill goes
up, we need to add GST &
HST to our prices.

On the other hand,
many businesses will see
their profits decrease.

Sign Reports

valid

copyright

old milk

New Price Rises

Add on" burden
GST Pill Gets a Sugar Coat

Pretoia Bureau

The country's sluggish economy will get another mild injection of spending power — about R180 million — from July 15 when the Government repays the 1972 savings levy.

The payment of the levy six months before the due date was part of the sugar on the General Sales Tax pill announced by the Minister of Finance, Senator Horwood, in his Budget speech in March.

Another part of it was the abolition of the 10% income tax surcharge.

The 1972 levy payout means that 666,936 individual taxpayers will share R66,598,076 plus R23,662,035 in interest — a total of R2,920,000.

The payout is tax-free.

But, according to the chief economist of Barclays Bank, Dr Johan Cloete, consumers could still be on the losing side when the levy pay-back, the reduced PAYE deductions, and the abolition of the sales duty, are weighed against the effects of the General Sales Tax.
STRANGE TIMING

THE MINISTER of Finance seems determined to hold the stage for as long as possible as the producer and star performer in the sales tax drama. Not content with the web of confusion he managed to spin as the witching hour for the levy drew near, he has now added a post-deadline touch of genius that must surely bring more uncertainty to the market place.

In essence, his announcement that the old sales duty is to be abolished on a large range of goods, and significantly reduced on others, is most welcome. It will certainly take some of the bite out of the general sales tax, and lessen the imposition of a tax on a tax on a number of commodities. That is always assuming, of course, that the benefits actually filter through to the consumer, and are not absorbed in higher manufacturing costs and a maze of other marketing factors that defy analysis.

However, the timing of the Minister’s announcement was no less than extraordinary. In effect, he waited until hundreds of thousands of people had completed a “tax-saving” splurge of unprecedented proportions, before informing them that they had mostly wasted their time. It was expected that retailers would enter a period of famine after the feast, but this unwelcome era could well be prolonged now that consumers know that they may buy goods cheaper if they wait for the new sales duty concessions to take effect.

It is certainly no credit to the Minister that he has brought more confusion into the market place with yo-yo sales charts that give no clue to its true performance. With a little more preparation and forward looking, the change to GST could have been a much smoother operation.

Meanwhile, the decision to convert sales duties on certain luxury and semi-luxury goods into ad valorem excise duties seems to be no more than a skilful method of maintaining the sales duties under another name. The term excise duty has a distressingly permanent ring about it. However, it is still a tax, and to further add general sales tax is to impose a tax upon a tax.

What is particularly hard to accept, however, is that the Government seems prepared to entail a loss of R245-million a year with its sales duty concessions, yet is not ready to spend a bean on reducing the tax on basic foods. It is no consolation to the poor, and no credit to the Government, that the underprivileged must pay their full levy on a loaf of Syria bread while the affluent can look forward to concessions on a new car.
Price rises add to GST shock

By PENNY GORDON
Consumer Mail

CONSUMERS are angry, confused and indignant about many aspects of the General Sales Tax introduced yesterday.

Hundreds of calls were received by Consumer Mail's Watchdog Service, some to inquire about aspects of sales tax, others to complain about exploitation at some outlets.

Some businesses had made price increases not connected with GST, and people were also being taxed on items costing well below 12c.

The GST does not apply to items costing less than 12c.

People said many prices had been hiked, and retailers had told them this was to offset the cost of administering the tax.

Dry cleaners operating through the Dry Cleaners' Association increased their charges following a decision last week.

Some well-known take-away shops and steak-houses also increased their prices over and above sales tax, as did many bakeries.

Several retailers phoned Watchdog to complain they had not yet received their vendors' certificates and could not sell tax-free stocks from suppliers.

For consumers, the tax outlook was not all black. The reduction of sales duty by the Government means their vendors' certificates drop in price immediately.

Items immediately affected are cosmetics, toiletries and household paper products.

Mr Rex Glenville, a vice-president of Checkers, said as an example, a leading brand of shampoo would drop from R1.02 to 99c. A toothpaste now marked 99c would drop to 96c.

"This will offset the cost of sales tax on these items," he said.

See Page 2
Tax means big rise in medical expenses

Own Correspondent

The country's bill for medical aid and related supplies will rise sharply from this week under the new sales tax.

This was made clear by Mr A C Viljoen of the Department of Inland Revenue at a seminar in Pretoria.

He explained that while the general services of doctors, dentists, veterinarians and related professions were not taxable, medicines, dentures, spectacles and other items they supplied were.

"A dentist buys dentures from a dental mechanism and supplies them to his patient, who is the end user. The patient must therefore pay tax," he said.

BUILDING COSTS

He also made it clear that building costs would rise.

While builders' services are not taxed, they pay tax by adding the cost of any consumer when buying their materials. They must recoup this tax from their clients.

Reacting to this news, Mr Attie Nieuwoudt, president of the SA Confederation of Labour, appealed for immediate relief for the poorer members of the public.

"We are deeply concerned about the plight of people who are having difficulty making ends meet before the introduction of the new tax," he said.

If people should receive immediate relief in the form of subsidies on basic foods," he said. However, all was not gloomy for taxpayers. The Secretary for Inland Revenue, Mr W H J van der Walt, hinted yesterday that PAYE reductions could be followed by further cuts.

"Although the reductions are comparatively small at this stage," he told the seminar, the prospects for the future looked good.

On September 1 it will become illegal for a licensed restaurant to make a service charge.

This was announced officially by Mr D Michos, chairman of the Taxpayers, Proprietors and Caterers' Association.

He said his association had been notified of this new regulation by the Department of Justice.

For the past three months the association had been telling business people "any price adjustments that have to be made regarding the withdrawal of the present 10 per cent service charge should be made at the same time as the Sales Tax to avoid having to reprim in a rush and to avoid a further escalation in prices in two month's time."

Reacting to consumer complaints that restaurateurs and take-away shops had increased their prices beyond the four percent GST, Mr Michos said official price rises were likely to continue.

Mr Michos said: "If there have been price hikes they are likely to have been caused by the recent increase in the prices of sugar, certain dairy products and cigarettes."

We also have the unusual position where items under 10c are not taxed to the consumer but are still taxable to the shop-keeper. This is a turnover tax," he said.

Mr Michos said his association would "take up" complaints against dealers who took advantage of the new sales tax.

Half-loaf taxing tearoom owners

Own Correspondent

Several Pretoria cafés are refusing to sell half-loaves of bread and other items under 10c because they cannot pass the sales tax on to the public.

One café in Ermelo says it will sell a box of matches only if it is bought with six others.

A café owner said: "If we sell half-loaves we may not add on the tax because the price is controlled at 12.5c. On every two half-loaves sold the café owner has to pay 1c. 15c is paid with 330 leaves a day that is a lot of money."

A spokesman for the Wheat Board said café owners were not obliged to sell half-loaves of bread. He said people should report to the board cafes pricing half-loaves above 12.5c.

Mr Mike Hawkins, public relations officer of the Consumer Council, advised people not to buy from cafes exploiting the public. "Stand up for your rights and take your business elsewhere."

State must pay too

Own Correspondent

The new tax headaches are not the exclusive preserve of businesses or consumers.

Government departments and other State organisations are also required to pay the new sales tax. Even the Department of Inland Revenue is not able to avoid its own carefully spun web.

The department rents a computer and must pay tax on its monthly payments. One of its officials has revealed.

Honesty is the tax policy

Pretoria's Receiver of Revenue is relying on the honesty in car deals over the next three weeks.

For buyers of cars, with three weeks in which to register change of ownership, unscrupulous people could backdate it to a date in June so evading sales tax.

Pretoria's receiver, Mr J H Jooste-Cocke, said today that only deals in which full payment had been made or in which a vehicle was delivered before July 3 were not liable for tax.

People who had signed hire-purchase agreements and paid deposits but who had not yet taken delivery of the cars last week would have to pay tax, he said.

As with all tax collections we must take declarations at face value unless and until they are disproved," he said.

False declarations to evade tax can lead to a R1 000 fine or two years in jail or both.
Tax band

Food shop ‘rip-off’ riles public

Small shopowners have angered hundreds of customers who claim that “exorbitant” and “totally unfair” price increases have accompanied the introduction of the general sales tax.

Most of the allegations received by The Star’s Fair Deal consumer unit concerned fish and chip shops, take-away food counters, cafes and restaurants.

Consumers said they felt the first bite of GST when they bought coffee and snacks on their way to work yesterday.

And from then on they paid... and paid.

“Coffee that cost 35c on Friday was 40c a cup yesterday,” said Miss Rosemary Hall of Rosebank.

“Lava that was 40c last week, this week is 50c. Where is the four percent in that?”

Did you get a Fair Deal?

Did you get a Fair Deal when you went shopping today? If you were charged too much and the shop paid sales tax on items which should be tax-free or if you noticed prices that had been raised beyond the four percent sales tax, you can telephoned The Star’s Fair Deal 838-2383.

Dismayed

Block workers in the industrial areas were also dismayed when everyday food prices increased. Some complained to their employers who brought the matter to Fair Deal.

An employee of track members of his staff had been charged 4c on every purchase they made from a nearby fish...
Tax cheats: action is pledged

Pretoria Bureau

The Secretary for Inland Revenue and the Price Controller today urged consumers to report traders who cheat under the guise of the general sales tax so action can be taken against them.

The secretary, Mr Mickey van der Walt, said shoppers should immediately report any problems with GST to any of the department's 32 regional offices.

"I would like to know about anybody who subscribes to an inordinate price increase to a general sales tax. This would be blatant misrepresentation, absolute fleching from the public," he said.

"If there are any reports of absolute crookery, I would like to see them so we can take action," said Mr van der Walt.

Price Controller Mr K G de Beer appealed to consumers not to be vague in their complaints. "Let them approach us and be explicit so that we can act."

SOWETO

Irate customers in Soweto were involved in heated arguments with shopkeepers applying the new tax yesterday.

Most shopkeepers, especially the small traders, did not know exactly how much to add on and some shortchanged their customers.

Mrs Esther Byembiri, former president of the Dooklasdorp Housewives' League, who owns a shop in Dube, said the sales tax was "utterly confusing."

It has been estimated that about 9,000 businesses in the Johannesburg area have not yet registered to obtain vendors' certificates.

- Tax leads to a big rise — Page 3.

- They went 20c, 40c, 80c or R1 — it made no difference," he said.

Costs

An electrical engineer from Kempton Park complained that "Bramley" cheese had changed 40c for a chicken and ham roll which was formerly 35c.

"That's a leap of 15 percent," he said. "And the manager's explanation is that three cents is for tax — the rest, he says, is to cover increased costs!"

Mrs M Majorozi of Brompton complained of a 26 percent leap in the price of pepper at a store using the "inclusive" system of taxation. "On Saturday a tin of pepper cost me 46c," she said. "Yesterday it was up to 80c!"

Consumers were particularly concerned that almost every price on take-away menus was up more than the prescribed four percent.

Some dealers had even put up the price of toasted toast from 9c to 10c a slice, an increase of 11 percent on an item under 13c — on which no tax is payable.

Controlled

Even controlled price items such as bread came into the rip-off.

A Newlands housewife phoned Fair Deal after a Newlands cafe had charged her maid 8c for a half loaf of brown bread.

The controlled price is 8c on half loaves of brown bread and there should be no tax. Another woman complained she had been charged 1c tax on half a loaf of white bread.

"Try to argue and you get nowhere," was the feeling expressed by many consumers who called The Star.

Mr Cyprian Mabale, a school inspector who telephoned from Phophi, said he was charged 8c instead of 7c for velveteen.

"When I tried to protest that goods under 12c were tax free the cafe owner told me: 'I'm running this business — not you!'"

By George!

"Where do you keep that GS Tea everybody's talking about?"

GST and The Star

How you buy your copy of The Star will affect what you pay for it.

If you buy one copy of the paper, by itself, you will not pay the new sales tax, because you do not pay tax on individual items costing less than 13c.

But if you buy The Star together with other items at an outlet, applying the new tax on an add-on basis, you will pay 4 percent tax on your total bill, including The Star.
EMOTIONAL CONSUMER

By Bob Connolly

ANGER  CONFUSION  INDIGNANT  PUZZLED

JOY  FRUSTRATION  SHOCKED  VERY ANGRY
Tax concessions—but consumers still lose

1. Noes bete

Gerald Reilly

By GERALD REILLY
Fremmers Bureau

CONSUMERS will still be
on the losing end after
sales tax concessions are
weighed against the
amount of spending power
to be siphoned off by the
general sales tax, and the
increased inflation it will
generate, according to
economists spoken to yester-
day.

The concessions are:
• The abolition of the sales
duty on a wide variety of products.
• The R180-million 1972
loan levy which will be
paid back to taxpayers
from July 15.
• The scrapping of the
10% surcharge on income
tax.
• The fact that the con-
cessions amount to R631-million
against the estimated
R1,000-million a year rev-
ue from the GST.

The Chief Economist of
Barclays Bank, Dr Johan
Cloete, said the effects of
the sales tax had been
softened by these measur-
es but not countered by
them.

Meanwhile, consumers
will have to defend them-
selves against price ex-
ploration.

Traders can charge
what they please for their
goods and services, and
there is nothing the price
controller can do about it.

Traders have to the coun-
try's biggest trade
union organisations — the
Trade Union Council of
South Africa and the SA
Confederation of Labour —
yesterday called on the
Government for a "merci-
less crackdown" on traders
exploiting the sales tax and
sales duty confusion.

The president of the
congress, Mr Afie
Nieuwoudt, said disturbing
reports were being made
of traders, including cafe
owners, raising prices by
up to 50%.

"Consumers have
enough to put up with
without having to fight un-
scrupulous traders.

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Assocom survey
has GST ticking

Staff Reporter

THE introduction of the
GST is going smoothly for
traders, according to a sur-
vey conducted by the Asso-
ciation of Chambers of
Commerce (Assocom).

The survey, which sam-
ples a cross-section of 15
chambers of Commerce
throughout the country,
found the majority of tra-
ders interviewed had been
well-prepared for the new
tax and were finding little
difficulty in its implemen-
tation.

The survey also found
that the majority of consu-
mers, regardless of race,
were well informed about
the tax. The news media
was mainly responsible for
this.

Retailers find no serious
delays at checkout points — partly due to a
post-introductory trading
downturn — and their
relationships with cus-
tomers has not been af-
fected by GST.

Commenting on the sur-
vey's findings, the execu-
tive director of Assocom,
Mr Raymond Parsons, said
he was pleased with the
way both retailers and
consumers were handling
the new tax.
TEACHERS CALL FOR EQUAL PAY FOR BREADWINNERS

Mercury Reporter

PIETERMARITZBURG — The Natal Teachers' Society annual conference yesterday called for women teachers, who are breadwinners, to be granted the same salaries and benefits as men.

The motion, which was proposed by Mrs. M. Flening, of the Highways branch, was passed by a large majority of the delegates attending the conference.

A call to the Government to open membership of the South African Teachers' Council for Whites to all races was made.

Delegates to the conference voted unanimously to direct the society's executive council to press for the deletion of the words "for Whites" from the council's constitution and title.

Although the motion was debated behind closed doors, a spokesman for the society said afterwards the 250 delegates felt very strongly that there should be one teachers' council under which all teachers, regardless of race, would fall.

He said the present system entrenched divisions in the country.

The spokesman said setting up different teachers' councils for the different racial groups would only drive teachers further apart.
Lease and rental ‘in GST net’

Financial Editor

DURBAN'S Receiver of Revenue, Mr. J. J. Swanepoel, yesterday gave a ruling on the difference between leasing and rental agreements and when GST will be charged on these transactions.

Mr. Swanepoel said that in rental agreements the owner of goods hires them out and retains ownership. He has no intention of selling them at the end of the rental term.

Tax on the monthly payments in such agreements began on July 3 whether the agreement was signed before or after this date or not.

A financial lease extends over the major part of the useful life of goods and there is an option to return or buy them at the end of the term.

The instalments on leased goods under a financial lease delivered after July 3 will be subject to GST.

Features

A financial lease has the following features:

- A written agreement in which the cash value of the property is stated;
- The lessor is the owner of the property;
- The asset leased is goods or machinery vehicles are included;
- The lease is for a period of at least 12 months; and
- The lessee is responsible for any damage and the maintenance of the leased property.

Meanwhile there was confusion and delay at the Receiver of Revenue's new general sales tax offices in BP Centre, Durban, yesterday.

More than 50 people crammed into the small reception area on the seventh floor and waited patiently in two untidy queues as the staff tried to cope with wide-ranging questions. In the background senior members of the Receiver's team were trying to deal with more important problems.

Situation

Mr. Swanepoel said there was little that could be done to ease the situation.

"You should have seen the crowd yesterday. We'll just have to grin and bear it," he said.

"The telephone system will not be completed for another three weeks and then people wanting the GST department will have to ring the Receiver's office. At present we have only 15 incoming lines.

"I have most of the forms required for the administration of GST, but I'm still waiting for an assistant receiver to be appointed in charge of the sales tax department."

Mr. Swanepoel said 26 GST inspectors would be appointed to the Durban office. Some had already arrived.
Report the tax cheats

Mercury Reporters

AS COMPLAINTS of overcharging since the introduction of the general sales tax continued to pour in yesterday, Durban's Receiver of Revenue appealed to shoppers to report instances to the Receiver's office in the city.

But Mr. J. J. Swanpoel said last night he still wasn't sure what action would be taken against offenders.

If businesses claim excessive increases are due to the GST, the matter would be referred to the Secretary for Inland Revenue, he said, but if the increases were attributed to other reasons such as rising costs it appears the Receiver is virtually powerless to come to the aid of harassed shoppers.

Mr. Swanpoel said a number of cases had already been brought to his notice.

"We have just had a case of a retailer overcharging for bread."

Meanwhile, a Durban teashop owner has attacked the GST because of its "unfair weighting" against lower income groups and he has called for the introduction of a half-cent tax on items under R1.

Mr. Jimmy Macdonald, proprietor of cafe Cafe in Clarence Road said the Government should adopt a more equitable approach towards GST because more tax was being paid by the public on items below R1 than the 4 percent stipulated by law.

He cited children buying sweets or many of his African customers buying items costing about R1, perhaps because they did not possess a refrigerator.

"They are in fact paying GST amounting to 8 percent whereas customers making problems - everyone is seeking salary increases to offset the cost of living and so are we - we can't afford these losses."

Mr. Swanpoel, dealing with the controversy over tax on returnable items, said it had been decided to treat the sale and return of the items as separate transactions.

Asked how tax could be charged on an item such as a returnable bottle, Mr. Swanpoel said the bottle might not be returned.

"It could be lost or broken. For practical purposes the bottle has been sold; because the customer may keep the bottle. He has no need to take it back."

Commenting on packaging, Mr. Swanpoel said organisations using packaging were considered to be endusers.

"It make no difference if the cost of the packaging has been included in the price of the product."

The end-user of packaging was the person who used it to pack goods. The goods and the packaging were separate transactions as far as sales tax was concerned.

Other points made by Mr. Swanpoel were:

- Religious organisations are not mentioned in the Sales Tax Act as being exempt from GST;

- ---
Industrial exemptions could up sales tax

Sales tax could rise significantly in the next few months if industrial requests for exemptions are granted by the Department of Inland Revenue.

The prospect follows talks in Pretoria yesterday between the Federated Chamber of Industries and the Secretary for Inland Revenue, Mr W J van der Walt.

The FCI told Mr van der Walt there were numerous industries in which items used in production were not exempt from sales tax. The items formed a significant part of overall production costs.

"Mr van der Walt gave FCI representatives a sympathetic hearing and agreed to consider requests for exemption from individual industries."

Some economists believe that if exemptions are granted the revenue from sales tax could fall and would have to be raised to cover losses.

"We have done the pioneering work and now it is over to the individual industries," the FCI spokesman said.

He agreed that Mr van der Walt might be forced to raise sales tax to make up for lost revenue if exemptions granted after the talks were widespread.

"We realise that ultimately remaining consumers will have to make up these funds. This is unfortunate, but our duty is to protect the interests of industry and we believe we have done it," the spokesman said.

Aeneid VI 403-4

Half-loaf a taxing issue

Some Johannesburg shopkeepers are refusing to sell half loaves of bread - in spite of the risk of heavy penalties - because they claim they are unable to reclaim tax on items under 15c.

Their action is likely to hit hundreds of black shoppers.

Shopkeepers are demanding clarification on how the new general sales tax should apply to bread.

The Secretary for Inland Revenue, Mr Niekie van der Walt said: "Dealers are not allowed to charge tax on under 15c - this includes half loaves of white bread with the price of 15c."

Aeneid VI 54-5

WARNING

He worried that retailers could be fined up to R500 for charging tax where it is not payable.

In a snap survey The Star found Goodwill Supermarket selling half a loaf of white bread for 15c and a full loaf at 35c.

A sales assistant said: "I know 15c is illegal but I have to make up for my losses on brown bread."

Mr J Breza of Sendets Cafe in Elandale said he was selling half a loaf (brown) for 81c and white for 15c.

"What must I do?" he asked. "We are losing the cant tax if we sell two halves without tax."

Mr D P van Airee, manager of the Wheat Board, said the board was consulting legal experts to clarify the position.

In the meantime, no tax should be charged on half loaves, as they were not in the taxable price range.

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o Industrial exemptions  Page 2, and Shedding light on the GST — Page 6.
Some cheating on bread and bottles

Consumer Mail

SOME shops are cheating people on the price of brown bread and deposits for soft drink bottles.

Consumer Mail's GST WATCHDOG service received many complaints yesterday that cafes were charging 8.5c for half a loaf of brown bread.

The price of half a loaf of brown bread is 8c—and that is official—says a spokesman for the Wheat Industry Control Board.

The confusion comes from a whole loaf costing 16c plus 1c tax, bringing it to 17c. However, half a loaf is 8c, and is not taxable.

A spot check conducted by a Consumer Mail team showed one in two shops were charging 8.5c for half a loaf of brown bread.

A white loaf costs 25c and there is tax of 1c. Half a loaf of white bread is 12.5c and is not taxable.

Consumers also complained they were taxed on soft drink bottles but the tax was not redeemed when they returned their deposits.

All the complaints came from consumers who had bought their soft drinks in cafes. Many said they were shocked to be paying more than just 4c on their purchases.

Some said they had paid up to 20% more and the tax on returnable containers was just another instance of exploitation.

"It's very unfair that the consumer must pay GST on empties but not get it back when returning them," said Mr Sid Matus, executive director of Spar chainstores.

Both Checkers and Pick 'n Pay will pay out sales tax on returned empties.

"We feel morally obliged to do this—-if we don't take tax with one hand we must give it back with the other," said a spokesman for the department of inland revenue.

Corporate development manager of Coca-Cola, Mr W de Wet, said he would like to see all deposits exempted completely.

"The situation is silly—do we want to pay the GST on those bottles when we return them?" he asked.

The OK Bazaars spokesman believed the situation would probably be examined by the department of inland revenue.

"It's a mess—-we're just trying to cope," he said.
Sales tax: still confusing

There is still much misunderstanding and confusion in Soweto about the general sales tax. Four days after it came into force, many shopkeepers are still trying to decipher notices stating whether they use the addition or deduction tax systems.

Most are also in breach of the law in that they do not have a general sales certificate.

Yesterday, reporters visiting shops in Soweto still found many customers complaining about overcharging. Some shopkeepers defended themselves by admitting they did not know how the general sales tax worked.

In one shop at Diepkloof, a 14-year-old girl was behind the till and she told reporters that she was told by her father to "put up prices by up to 10c on goods.

In that shop a slice of bread which was sold with fish and chips before Monday now costs 46c. A slice of griddle, which cost 10c now costs 20c. And prices have also been marked up by 10c.

One shopkeeper at the Diepkloof shopping centre, Mr S M Mnguni, who runs an outdoor shop, said he was not going to "include sales tax in his goods. He said he was going to take the tax himself.

Customers interviewed generally felt bitter about the new tax. Many accused shopkeepers of profiteering.
What's your opinion?

GENERAL sales tax is all right in theory but chaotic in practice. This was the consensus among members of the Durban public surveyed at the Receiver of Revenue's sales tax inquiry office yesterday.

Most people the Mercury spoke to were businessmen panicking because they had not received tax exemption certificate numbers and were liable to pay tax they could not recover.

A fruitier spoken to - but not at the office - defiantly said he wasn't going to pay tax because in spite of repeated visits to the Receiver he still had no number.

He would calculate the four percent tax on his monthly turnover and, before paying it, deduct the tax he had been forced to pay his supplier before receiving his tax exemption certificate.

MR. E. S. MBATHA, Empangeni bottlestore owner, applied for tax exemption on May 22. "The tax is not a bad idea because everyone has to pay it. It helps the blind and crippled people who cannot work."

MR. Johannes Msomi, an Isipingo bookkeeper, came on behalf of 25 clients. "I applied weeks ago and they said they would send the numbers but I had to come in myself."

TONGAAT bookkeeper Mr. Robin Moham: "I handed in the forms a month ago but my clients say nothing has come in the post. The businessman now has to pay an extra four percent because of poor administration."

MR. BRYAN Spence, photographer, was there to apply for tax exemption for his small part-time photography studio, which earns less than R5 000 a year: No complaints.

SALMA Jaffer, messenger for a clothing company: "Our firm has the word 'wholesalers' in its name, even though it is a retailer, so they gave us the wrong number."

MR. F. A. JACOBS, Umbilo general dealer: "We've had no problems. A few customers walked out but when they realised it was the same everywhere they came back."

MR. C. S. MUDLEY, of Stanger, secretary of the Natal Indian Cane Growers Association: "I submitted forms in March but there are still no numbers so they say we must pay tax. It's unfair."
Half-loaf sales create doubts

SOME tearoom owners are doubtful whether they should sell half loaves of bread before the Department of Inland Revenue and the Wheat Control Board have ironed out discrepancies in selling prices.

The chairman of the Tearoom Restaurant Proprietors and Caterers Association, Mr. Demosthenes Michos, said in Johannesburg yesterday there was a discrepancy in the selling price of half loaves and the Wheat Control Board "will not allow us to take this into consideration."

Chairman of the Natal Tearoom Owners Association, which does not fall under the Johannesburg association, said yesterday he had not urged members to stop selling half loaves "as it was the staple diet of the poorer people."

But he said it was not a proposition to sell the half loaves, but members had not been urged to stop at this stage.

Africans

Many Africans bought a half loaf of bread and a half litre of milk, Mr. Vincent Lourecco said yesterday.

Mr. Michos said if loaves were sold at 8c for a half loaf of brown and 12½c for a half loaf of white, tearoom owners were selling at a loss.

"We don't mind breaking even when it comes to selling bread, but we won't sell at a loss," he said.

Up to now tearoom owners had been led to believe they could take the price of the loaf, add one cent for tax, and half the price. Now they were told this was not the case, Mr. Michos said.

The price for brown bread is 16c a loaf, and 25c for white bread, plus one cent sales tax in each case.

Mercury Reporter

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Typical is the Berea pensioner who complained that she was charged on the add-on system 3c GST for each pack of 67c cigarettes she bought. This is correct on the add-in system where normally no tax need be indicated.

But under the add-on system the tax payable on the sale at the till of R1,34 is 5c.

Other shopkeepers are over-estimating the effect of the tax.

One man wanted to know what he should charge for a plastic bag for wrapping bread. The price per 1000 had gone up by 16c to R4,11 - equivalent to 0,411 cents a bag.

Several readers reported that the price of chips had gone up from 12c a packet to 13c or 16c a packet.

Another reader reported that a Gales Street store was using the hybrid taxing system to add 1c on to the sale of a newspaper.

Complaints

Several readers complained that the price of margarine had risen in a supermarket chain by 10c to 66c a block.

On the South Coast consumers have complained that a Port Shepstone hotel has lifted its prices for a half of spirits by 2c to 35c. GST is only 1c but the price has gone up 3c.
A half loaf of brown should sell at 8c and a half white at 12½c.

Waiting

The chief inspector of the Wheat Control Board in Pretoria, Mr. P. Vermeulen said, the board was still awaiting clarification from the Receiver of Revenue on the selling of half white loaves at 12½c, as goods up to 12c were not subject to tax.

A Durban tearoom owner, Mr. Fred Helmound is prepared to go to court to contest his selling bread at 8½c for half brown and 13c for half white.

"I work on the add-in system and that is 17c for a loaf of brown including the sales tax and 8½c for a half loaf. That is not above the control price according to my way of thinking," he said.

Durban price controller, Mr. H. M. Kitchingam said yesterday tearooms selling above the control price could be prosecuted. He said however, his department had received no directive from the Wheat Control Board to prosecute.

The sale of bread was under the control of the board, Mr. Kitchingam said.

He added that the price of a half loaf fell below the sales tax minimum level and should not be subject to tax.

Mr. Vermeulen said the control board was receiving numerous complaints on the price of half loaves of bread but said given time the situation may settle down.

Both

He said, if the tearoom owners went on contravening the control prices they would be prosecuted but said in the first instance they would be warned to lower prices.

He added the board hoped to have clarification today on the selling price of half loaves of white.

Regarding tax some cafe owners are using a hybrid system of add-in, add-on for the general sales tax which is

A slightly different problem arose for a welfare agency.

Although they have a welfare organisation number they are still required to apply to the Receiver of Revenue to get a certificate enabling them to buy the goods they give to the poor without tax.

Black businessmen attending the National African Chamber of Commerce meeting in Durban yesterday said GST was confusing to customers and to retailers.

Most of the men interviewed felt that there could have been an easier way to tax people — either by direct taxation on earnings or by having the manufacturer add the tax.

All up

The Reverend W. D. Sibisi, a Zulu land shopkeeper said, "There are so many problems. If we use the add-in method people say we are too expensive. On the first day I forgot to add the tax and now I will have to pay it out of my own pocket."

In Soweto the cost of transport and rents went up and sales tax was introduced all on the same day.

Councillor E. Mannoni pleaded for wages to be raised or for rents to be subsidised by employees.

"Black people in urban townships are already living below the breadline. They won't be able to meet their commitments."

This feeling was also expressed by the chairman of the Coal Traders Association, Mr. D. Mthuthuana.

"People are going to need up to R3 a month more," he said.

Lebowa businessman Mr. T. J. Lekala, said the sales tax was very difficult for customers because they "feel we are cheating them when we add on to the price."
GST: it's hard on everyone...

including shopkeepers

Where do justified price rises stop and rip-offs begin? That's the question everyone has been asking this week.

Certainly it's not easy to reconcile the feelings of both consumers and shopkeepers on how the new general sales tax should be applied.

As shopkeepers point out, GST coincided with a spate of price increases from manufacturers and wholesalers.

There was the rise in the price of sugar, which affects confectionery, chocolates and biscuits and the dozens of other items using sugar as a sweetener.

Magazines, cigarettes, chickens and flour are among other items that increased in price.

LOSING

Shopkeepers also say that they are losing money on any items they sell under 13c.

They say they want to provide customers with the service of smaller packs - as with sugar and half loaves of bread.

While they are not allowed to recover tax on items under 13c, they have to pay sales tax to the Receiver of Revenue on their total turnover.

One small shopkeeper said that in one day he lost R3 on items they sell under 13c.

Consumers are having to sort out how they are affected by the lifting of sales duty.

"Do I buy now or next week?" some asked. Others felt resentful that they had paid money in the weeks leading up to GST Day.

"We would have been better off if we had waited," several said.

Ignorance of the new legislation has caused many problems, especially in the townships.

Fair Deal has been inundated with calls from people wanting clarification on the technicalities of the law and with reports of overcharging.

One black woman declared to a shopkeeper: "Black women don't pay tax — only black men."

She felt certain she was right. Another shopkeeper was not so certain how to go about collecting the tax - so he charged both ways - Add-On and Add-In.

A hardware dealer fed up with the whole affair was reported not charging tax at all.

While Fair Deal heard hundreds of complaints perhaps the slice of bread that takes the cake was the one that cost a shopper 3c - 2c for the bread and 1c tax.

Everyone from the Housewives League to Assocoem is appealing for patience until the system sorts itself out.

The Consumer Council has appealed to shoppers to turn their backs on traders they suspect are overcharging.

And the Price Controller has promised to investigate complaints.

Now it is up to consumers to report abuses of the GST.
Tax slip gives SAR a multi-million shock

A sales tax “slip-up” has dealt a multimillion-rand blow to the South African Railways and Harbour Administration.

Suppliers to the SAR this week received a notice from the Railways that the letter was exempt from paying general sales tax.

But an Inland Revenue official in Pretoria said there had been a slip-up as, broadly speaking, SAR was not a vendor and should not have been registered as such.

The exemption applied only to goods the Railways resold such as food and drink — a small part of the administration’s huge billion rand expenditure.

An SAR spokesman said today there had been “a bit of a snafu” with regard to the issue of an exemption certificate to the Railways.

“We pay the tax the same as everybody else does,” he said.

He said he did not know how much, the sales tax would add to expenditure.

Mr. Kobus Loubsier, SAR general-manager, revealed that SAR spent R879-million on goods locally for operational requirements in the 1976/77 financial year.

Taking into account increases in expenditure since then, the sales tax could probably add between R500-million and R550-million to the Railways’ bills.

...
Food price up 5.5 pc at Wimpey

Mercury Reporter
S.A. WIMEPEY (PTY.) LTD., have introduced an increase of 5.5 percent overall on food sold in all their outlets throughout the country.

The increase, which includes the new sales tax, was introduced on Monday.

Mr. A. H. Barns, marketing director for Wimpey in Natal, said the additional price was necessary to offset increased expenses incurred by the individual operators as a result of the new sales tax.

The operators were faced with increased cost of laundry, maintenance, packaging materials and other related items as a result of the new sales tax.

Survey
Mr. Barns said a survey of a number of individual operators revealed that this increase would be an average of 1.5 percent and this had been passed on to the consumer.

Not all items sold in Wimpey outlets would be affected by the increase.

Some items have been increased by the stipulated 4 percent, while others have been increased by more than 5.5 percent.

"It is an overall increase," said Mr. Barns. He predicted that other firms would soon be forced to follow Wimpey's example when the full effects of the new tax became apparent.

Savod
The Mercury's Financial Editor reports that Mr. A. Beare, chairman of Benares Ltd., was able to bring a little joy to the grim GST scene in Durban yesterday—he paid the tax on a carpet which an African woman had been buying through his company for the past two years. The final installment was paid on Monday, with the result that the whole deal was subject to tax.

Abagail was paid last Sunday. She went to Beare to pay her final instalment on Monday, to be confronted with the demand for a GST payment of R3.60 which she could not afford.

The store was correct in asking for the payment as the price had not been paid in full before July 3.

Abagail told her story to Mrs. E. Gries of Malvern, who contacted the Mercury tax service.

A call was put through to Mr. Beare, who said his company would pay the tax because of the special circumstances.

"The Receiver now changes his mind at the last minute. We cannot keep paying GST on the same containers over and over again."

Mr. J. J. Swanepoel, Durban's Receiver of Revenue, said that he had received instructions from head office to reverse the previous decision and there was nothing he could do about it.

Asked how it was that the South African Railways were using a tax exemption certificate to buy goods tax free, Mr. Swanepoel said that a certificate had not been issued by his department.

"As far as I know the Railways are only entitled to buy goods free of GST for its catering service."

In the Natal Mercury's guide to GST, which was issued on Tuesday, it was stated that the tax paid on returnable items such as bottles would be refunded but the Receiver of Inland Revenue reversed this decision at the last minute.

It was also stated in the guide that GST would not be levied "on a registered hospital or nursing home."

This should have read "by a registered hospital or nursing home."

The African woman, who is known as Abagail, had the carpet laid by at the Malvern branch of Beares in 1976. She has been paying R12 a month for the past 24 months.
One percent, two percent, three or four . . .

New GST decision makes difference

Your new car may cost you one percent more, two percent more, three percent more or the full four percent GST more because of moves made by the Government and the motor industry in the past few days.

It all depends on how much of the sales duty reduction the manufacturer has decided to pass on to the retailer and, vis a vis, to you. The Government started the ball rolling by announcing a reduction in sales duty from 15.5 percent to 10 percent on the more expensive cars and from 7.5 percent to five percent on the medium-sized and smaller models. But this reduction was on a "neutral value," a figure lower than the retail price and it translated to a reduction of 3.4 percent on the selling price of more expensive cars and 1.6 percent on all others.

Saving

The manufacturers are not compelled to pass on that saving although most of them obviously will to maintain their competitive place in the market. However, most companies may pass on only a percentage, as they will see the lower sales duty as a way of stemming off impending price increases, increases that are scheduled for three monthly intervals.

The position is complicated by the fact that the new and lower sales duty will apply only to cars now being manufactured as this duty is paid by the companies at the time the car actually leaves the factory.

This means that, in theory, the cars now in the showrooms have already paid the old and higher duty — but at least one manufacturer has made arrangements to sell these cars at the new and lower price. VW announced that models affected by the reductions would include those already in dealer stock.

Other manufacturers may follow suit and hope to recover some of the cost by passing on a slightly smaller percentage of the duty reduction, or they may wait until present stocks are exhausted and the less expensive models move into the showrooms.

In some instances manufacturers will not pass on the savings at all as it will enable them to hold their prices stable for a little longer. VW has said that the Golf prices will remain unchanged as the lower duty has obviated scheduled increases — for the time being.

The Golf models will thus be subject to the entire four percent general sales tax as their base price was unaltered, but on other VW and Audi models, VW has announced decreases ranging from about 1.7 percent to just more than three percent and so the impact of GST on these cars will be a little less.

Three

At the moment it would seem that over the past week there have been three prices for any given car: the old retail price prior to the introduction of GST, the new retail price which could be the same as the old until present dealer stocks are exhausted plus the GST, or the new retail price which may be a little lower than the old. If the manufacturer has decided to pass on the saving immediately, this latter price would also be subject to GST.
FCI seeks to ease sales tax

JOHANNESBURG — The exemption from general sales tax of items used by industry in processing now being sought by the FCI, would have an insignificant effect on the revenue of the sales tax, the chairman of the FCI special group on sales tax, Mr. S. Shlagmann, said in a statement here yesterday.

There would therefore have to be no change in the rate of tax if this adjustment was made.

General sales tax was normally applied to products at final point of sale. All raw materials which form an "integral part" of goods manufactured are therefore automatically exempted from the tax.

"In addition, items such as fuel, oxygen and similar 'processing materials' used directly in the manufacture of goods are also exempted from the tax," he added.

"The problem arises only with those inputs which are 'used up' in the process of manufacture.

Cutting tools

"These include abrasives, sanding and buffing materials, cutting tools and oils and intermediate packaging materials."

Mr. Shlagmann said that in some cases relief had already been given where such non-exempt products made up a large cost element. This had been done in the printing, mining and fishing industries.

"Industry now seeks some widening of these exemptions to avoid the escalation of the tax to the consumer." (SAPA)
Tax muddle hits EL shoppers

EAST LONDON — Consumers here claim some shopkeepers are charging extra in the confusion over general sales tax.

Complaints have been pouring into the Daily Dispatch offices about shops using the add-on or exclusive method of imposing the new tax.

An irate Mrs Eunice Mxego claimed she had been charged 60c sales tax on R10,40 repairs to her paraffin heater at Slaters of North Street. The correct sales tax should have been 42c.

A spokesman for Slaters, Mr W. Waspel, told the Daily Dispatch it was possible he made a mistake. If Mrs Mxego brought documentary proof that she was overcharged he would “fix it.”

At the Market Cafe in Caxton Street, Miss Lulama Jijana said she paid 22c for a ham and mustard roll which was 20c before sales tax.

With sales tax on a 20c roll the price would be 21c.

Miss Jijana also said she was charged 14c for half a loaf of white bread instead of 13c.

The manager of the cafe, Mr J. W. Poulkes, said a ham roll cost 20c. The cost of a ham and mustard roll was 21c and that was why he was charging 22c for a ham and mustard roll.

Mr Poulkes said he had been told by the Receiver of Revenue he could charge 13c for a sliced packed half-loaf of white bread.

With sales tax this would make the price for half a loaf of white bread 14c.

But Miss Jijana said she bought an unsliced loaf.

At Walters Delicatessen Miss Jijana paid 20c for half a litre of milk. In many shops milk costs 17c.

“Do we have to pay 3c sales tax on milk?” asked Miss Jijana.

A spokesman for Walters said there was no price control on milk in East London and they could charge any price.

In Mdantsane, Mr Arthur Hoga said he paid 31c for a litre of cold drink and was told 3c was for sales tax. He was charged 2c more than the legal amount.

The assistant manager at the restaurant, Mr Babini Nqeleni, said yesterday it must have been a mistake by his saleswoman.

The normal charge for a litre of cold drink was 28c plus 1c sales tax.

A spokesman for the Receiver of Revenue said he had received few complaints about shops cashing in on sales tax. He appealed to shops not to take advantage of the situation. — DDR.

SALES TAX

If you buy one copy of this newspaper by itself you will not pay sales tax.

If you buy this newspaper and other items at a selling outlet which has decided to apply tax on the add-on basis, you will pay 4 percent on your total bill including the price of the newspaper.
GST: plea for items to be exempted

The exemption from General Sales Tax of items used by industry in processing now being sought by the FCI would have an insignificant effect on the revenue of the sales tax, the chairman of the FCI special group on sales tax, Mr. S. Shilegmann, said in a statement yesterday:

There would therefore have to be no change in the rate of tax if this adjustment was made.

Mr. Shilegmann said that in some cases relief had already been given where such non-exempt products made up a large cost element. This had been done in the printing, mining and fishing industries.

Industry now seeks some widening of these exemptions to avoid the escalation of the tax to the consumer.

"The 'tax on the tax' could cause a tangible increase in the cost of certain products. But the amount tied to Government if these exemptions were made would be barely noticeable," said Mr. Shilegmann.

Total exemption of all materials used in the process of manufacture would be likely to lose the firms less than RM10m in a full year.—Sata.
STATE'S
HALF
LOAF
COST
RULE

Mercury Reporter

THE secretary for Inland
Revenue has ruled that it
is illegal for dealers to
charge sales tax on half
loaves of bread.

Mr. A. A. Liebenberg, assis-
tant manager of the
Wheat Board in Pretoria,
said yesterday that any
dealer who charges sales
tax on half loaves of
either white or brown
bread is breaking the law.

He said this decision had
been made by the
Secretary for Inland
Revenue, Mr. N. van der
Walt.

"Dealers are not allowed to
charge tax on goods sold
under 13c. This includes
half loaves of white bread
with a price of 12½c,"
said Mr. Liebenberg.

He said because of the
"chaos" caused by the in-
troduction of sales tax,
no decision had been
taken by the Wheat
Board on whether or not
dealers who charged tax
on half loaves were to
be prosecuted.

Mr. Vincent Lourenco,
chairman of the Natal
Tearoom Owners' As-
sociation, said in Durban
yesterday that his as-
sociation was considering
the possibility of stopping
the sale of half loaves of
bread. "We feel very
strongly about this," he
said.

He said the Government's
decision would encourage
people to buy bread in
half loaves to avoid pay-
ing tax. He claimed that
this would cost tearoom
owners money.
Rise in price of magazines

THE pre-tax prices of several South African magazines rose this week, following the introduction of the general sales tax.

Scope went from 40c to 43c plus 2c tax; Farmers' Weekly from 25c to 29c and 1c tax; Rooi Rose, 40c to 48c and 2c tax; Living and Loving from 40c to 48c plus 2c tax.

All these are Republican Publications magazines. Fair Lady of Native Koerante Up, rose from 40c to 48c plus 2c tax.

Republican Publications dropped the pre-tax price of three of its major magazines so that they will now cost the same as before - after the inclusion of tax.

They are Family Radio and TV - was 40c, now 50c plus 2c tax; Darling - the same; and Garden and Home - was 50c, now 48c plus 2c tax.

The Mercury was unable to reach the directors of RP for comment on the price change but was told by a manager that the price increases "should not be connected with GST."

He said the increases had been planned long before the tax went into effect.
Taking law into their own hands

Financial Editor

TEAROOM owners and the managers of bottle stores are taking the law into their own hands over the Receiver of Revenue's decision not to allow GST paid on bottles to be returned to customers when the bottles are brought back.

A tearoom owner, who does not wish his name to be published, said yesterday that a bottle of Coca Cola cost 42c to which 2c GST had to be added.

"When the customer comes back with the bottle I refund 14c but, as I am not allowed to give him back 1c in tax, he has paid 2c on a transaction which cost 30c.

"This is not in accordance with the Receiver of Revenue's rounding off table and it leads to charges that tearooms are cheating their customers.

"I am not prepared to put up with this and have decided to refund 1c in addition to the 14c deposit refund."

Meanwhile, Mr. Trevor Pearman, regional manager for Rebel Discount Liquor Stores, said that he would give an additional 4 percent on any refunds of any nature that are made on bottles regardless of how they were acquired.

Transaction

The view of Mr. J. J. Swanepoel, Durban's Receiver of Revenue, is that the sale of bottles and contents is one transaction. The return of empties is another.

If the contents of 12 bottles is R2.54 and the total deposit on the bottles is R1.68, giving a total of R4.22, the tax will amount to 17c.

When the bottles are returned, the customer gets R1.68 and nothing more.

Mr. J. E. Lansley, owner of the Honey Bun Tearoom, has pointed out that although items costing less than 12c are not subject to tax, if the number of small items are bought together GST must be levied on the total cost.
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He said the increases had been planned long before the tax was introduced.
Tax topics

Authorities cannot stop price rises

THE authorities are powerless to prevent the spate of price increases that has occurred, following the introduction of the sales tax on Monday.

Durban's price control inspectors have been working flat out tending to complaints from the public since Monday.

In most instances the increased prices involved products not covered by the price control regulations and were therefore quite legal.

"A shopkeeper can charge whatever price he chooses for items not covered by our regulations," says Mr. H. M. Kitchingham, Durban's price controller.

However, a number of contraventions of the price control regulations had been discovered and the traders concerned face prosecution.

His department has recently been empowered to issue admission of guilt fines and these would be tried to the full, once details have been finalised.
Traditions we don’t want

JUST A year after achieving its own multi-racial status, it is gratifying to see the Natal Teachers’ Society calling on the Government to open the all-White South African Teachers’ Council to all races. For as long as the Council remains racially orientated, a large body of professional men and women will carry a stigma of inferiority because of their colour and that, surely, can only help to stoke racial divisions.

The argument that it is “traditional” in South Africa for education to be conducted in racial compartments, and that an all-White teachers’ council is merely a progression of that pattern, is beginning to wear thin.

It has also been a “tradition” for White teachers to receive higher pay than their similarly-qualified African, Indian and Coloured counterparts. However, as the pay gap is narrowed and the process of dismantling racial discrimination accelerates from its present stumbling pace, it must be expected that these morally indefensible customs will disappear.

Meanwhile, the outlook for reaching pay parity among races in the near future is made depressing by officialdom’s continuing reluctance to move towards uniformity of pay among the sexes. The lot of women teachers, particularly those who are breadwinners, leaves much to be desired. Not only do they suffer from salary discrimination, but in some provinces a married woman is in danger of losing her post when an unmarried teacher applies for it.

The Natal Teachers’ Society is right in demanding that women teachers, who are breadwinners, should be granted the same salaries and benefits as men. That is no more than in accordance with the policies of most other professions.

In the final result, pay structures should relate to such things as qualifications, experience and the type of work performed. Sex and race should have no bearing on the matter.
Traders drag feet over GST

About 6,000 Johannesburg businesses have still not applied for certificates to exempt them from paying the General Sales Tax.

This was estimated today by a spokesman for the Johannesburg branch of the Department of Inland Revenue.

From July 3, retailers have had to produce a certificate proving their vendor's status or quote their certificate number to be exempt from paying the four percent tax. Even when buying from a wholesaler or supplier.

To obtain these certificates, they must register with the Department of Inland Revenue.

The Johannesburg branch of the department has estimated that about 32,000 Johannesburg businesses should register as vendors, but by today only 6,000 had done so, said the spokesman.

A spokesman for Inland Revenue, Pretoria, has told the Star that retailers who did not receive their certificates by July 3 would have to pay the tax on their purchases until they did get their certificates, but could later apply for a refund of the tax paid.

He said they would be refunded if they could satisfy the department that they had applied for the certificate in good time and had paid the tax. Both Johannesburg and the Pretoria offices have been flooded with queries about the new tax.

We get telephone calls from morning till night from people wanting information," said the spokesman for the Johannesburg office.

The department had also received many complaints of overcharging although there was little it could do about them, the spokesman said.

People should report complaints of overcharging to the Price Controller, he said.

Try the

Shoppers and shopkeepers with queries and complaints about the sales tax have complained to Four Deal that they have spent up to two hours trying to telephone the Johannesburg Department of Inland Revenue.

And one woman said:

10 RAILS OF EXOUTED PERSIAN CARPETs AND ORIENTAL RUGS, RELEASED FROM CUSTOMS, are for AUCTIONED at Carpet Palace, 91 Eastern Street, from 1 pm and
GST: plea for items to be exempted

The exemption from General Sales Tax of items used by industry in processing now being sought by the FCI, would have an insignificant effect on the revenue of the sales tax, the chairman of the FCI special group on sales tax, Mr S Shilagnmann, said in a statement yesterday.

There would therefore have to be no change in the rate of tax if this adjustment was made.

Mr Shilagnmann said that in some cases relief had already been given where such non-exempt products made up a large cost element. This had been done in the printing, mining, and fishing industries.

Industry now seeks some widening of those exemptions to avoid the escalation of the tax to the consumer.

“The tax on the tax” could cause a tangible increase in the cost of certain products. But the amount lost to Government if these exemptions were made would be barely noticeable,” said Mr Shilagnmann.

Total exemption of all materials used in the process of manufacture would be likely to lose the fiscus less than R10m in a full year.—Supa.
THE mix-up over GST on bottles this week cost Durban consumers an estimated R25,000 in tax on soft-drink empties alone. With 10c tax paid on wine and beer bottle deposits the figure goes much higher.

This stems from the Receiver of Revenue's decision not to allow sales tax paid on bottles to be returned to customers when the bottles are brought back.

Liquor and soft drink industry spokesmen said yesterday the position on refund tax was "a shambles" and they were still trying to get clarification.

Exact figures on the amount lost to the consumer were not available but the industry put 60,000 bottles a day in the five figures, giving a rough idea of the cost.

Confusion

The position was so confused yesterday that the general manager of a large soft drink company was unsure whether the Government or the retailers would be pocketing the tax on bottles.

But it was clear that either way, the consumer was losing.

Mr. L. Cork estimated that 500,000 bottles of soft drink were sold in Durban daily. On each the customer had paid an extra 10c in GST because of the ruling that tax be paid on the price of the drink plus the deposit.

This amounted to R5,000 a day. R35,000 in the five days since GST was introduced in Durban, said Mr. Cork.

Wine sales figures given some idea of the way the extra amount adds up to a vast loss for the consumer - or profit to retailers or the Government.

A spokesman for the Cape Wine and Spirit Institute said that 300 million refundable bottles of wine were sold in South Africa in a year.

This meant that in the week since GST was introduced the consumer has paid extra tax on about 3,000,000 wine bottles - over and above the tax spent on the wine.

The institute was unable to calculate the cost because the total sales figure could not be broken down into figures for different bottle sizes.

Range

The deposits range from 5c for a 750ml wine bottle to 50c for a 4.5 litre jar.

If the average were 35c - the deposit on the popular 1.5 and 2 litre bottles - the consumer would have paid R70,000 in GST on empties this week.

This would be a conservative figure, arrived at by calculating the 4 percent sales tax on the total amount of deposit paid.

On the rounding-off system, tax paid on purchase of individual bottles is generally higher than 4 percent.

For instance, the deposit on 750ml beer bottles is 10c. Total deposit on a dozen is R1.20, 4 percent of which is about 5 cents.

If the bottles are bought separately at 60c the 10c deposit pushes the price up to 70c, for which an extra cent has to be paid, according to the rounding-off table.

So, bought individually 12 bottles would cost the customer 12c in tax on deposit alone, compared with the 5c if bought by the dozen.

Other news is the sales tax front yesterday was that some tea room owners were refusing to sell 250ml milk units and which cost 10c because they cannot charge sales tax on them.

Mr. A. Gills, manager of the Durban Milk Association, said Mr. D. Michel was seeing what was happening and would investigate.

Loaf loss

A Clover Dairies spokesman, Mr. P. J. Breid, said: "It is most distressing because milk in the smallest unit will not be available to the community which most needs it."

And the chairman of the Tearoom, Restaurants, and Cafe Proprietors Association, Mr. D. Michos is so concerned to recommend his 2,400 outlet that they no longer sell half loaves of bread.

"I don't think anybody has calculated which are the swings and which are the roundabouts," said Mr. Michos. "With GST and plastic bags, bread sellers are working at a 0.10 loss on each half loaf."

The manager of the Wheat Control Board, Mr. D. F. van Aarde, said yesterday: "Legally we cannot force anybody to sell any commodity in any particular way. But the competition should sort things out. The cafe proprietors make money on the tax in certain areas and I'm sure they'll get used to it."
Financial Editor

There should be no double taxation with general sales tax. The principle of the new Act is that the end-user pays the tax. However, this is not the position with containers in which manufacturers pack their goods.

Mr. J. J. Swanepoel, Durban’s Receiver of Revenue, has given a ruling that manufacturers are the end-users of the containers and they must pay tax on them.

However, the accountant of a manufacturing firm has pointed out that the cost of containers is included in the price of the products which go into them.

Therefore, the manufacturers pay GST on the cost of the containers and then the consumers of the products pay GST on the containers again when they make a purchase.

Tax-free snag

Several reports were received yesterday by the Mercury’s tax answering service that tax exemption certificates were being used by organisations to obtain tax-free goods when it was clear the goods were for in-company or personal use.

Suppliers of goods have asked what their correct attitude should be when confronted with a situation of this kind. They do not wish to cause trouble with their customers or risk losing business.

Mr. Swanepoel says that he cannot expect companies to act as “policemen” for his department but the department will take a serious view of such incidents.

The tax team has pointed out to callers that the onus for the correct use of certificates lies with the holders. If a supplier believes that a certificate is not being correctly used he can make a polite reference to the matter as the holder may not be aware of the regulations.

No certificates

Further than that, the supplier can do no more than note that a warning was issued. This can be produced if there is an investigation by the Receiver.

Meanwhile, calls are still being received from firms, particularly in country districts, which have not received their tax exemption certificates.

The non-arrival of these certificates has created problems. Traders have to buy all their supplies plus GST and when their certificates arrive, they will have items on their shelves, which tax has been paid, and other stock which is tax-free.

Traders said this situation was creating increasing bookkeeping difficulties.

Vehicle leases

A spokesman for the Motor Industries Federation in Durban said yesterday that motor vehicles were leased under two types of agreement and this had a bearing on how sales tax was paid.

The spokesman was commenting on a statement this week by Mr. Swanepoel on the difference between leasing and rental agreements.

Mr. Swanepoel said that in rental agreements the owner of goods hires them out and retains ownership. A financial lease extends over the major part of the useful life of goods and there was an option to return, or buy them at the end of the term.

The federation spokesman said the agreements used in his industry were:

- A rental agreement in which a dealer leased a vehicle on a monthly basis. The maintenance and service charges were “built-in.” GST was levied on monthly payments.

- A financial lease in which the dealer sold a vehicle to a finance house which, in turn, leased it to the customer. The finance house paid the dealer, including GST, and the dealer passed the tax to the Receiver.

On the other hand, the finance house could give the dealer its tax exemption number and take on the responsibility for paying the tax.

Durban Chamber of Commerce has attacked newspapers over “exaggerated headlines” accompanying the introduction of sales tax.

The Chamber says there must be teasing troubles in an operation where overnight 200,000 organisations have become tax collectors and millions of consumers have to pay the tax. It calls for goodwill, patience and understanding.
Half loaves

Stores advised:
Don’t sell any

By Mignonne Crozier
Consumers may soon be unable to buy half loaves of bread.
The Tearoom, Restaurant Proprietors’ and Catering Association, which represents more than 2,000 tearoom and cafe owners, is telling its members that with the new General Sales Tax they will lose money by selling half loaves of bread.

Mr D Michos, chairman of the association, said today that cafe owners were allowed a mark-up of 0.75 cents on a half-loaf of bread.
The bread had to be wrapped in plastic and a plastic wrapper costs 0.35 cents.

Although consumers did not have to pay tax on items under 13 cents, retailers had to pay GST to the Department of Inland Revenue on their total turnover.

This meant, he said that a cafe owner would have to pay 0.5 cents tax on every half loaf of bread sold, while they could not recover this tax from shoppers.

As a result, Mr Michos said, every half loaf of bread sold meant a loss of 0.1 cents to the cafe owner. And this did not take into account the cafe owner’s extra expenses—rental, assistance and the cost of the bread not sold.

“We are advising our members that, until such time as the Wheat Board and the Department of Inland Revenue sort this all out, they will lose money by selling half-loaves of bread,” Mr Michos said.

HEAVY FINE

The association’s recommendations have been welcomed by cafe owners.

A Yeoville cafe owner estimated today that he would lose two cents on every whole loaf of bread sold in half-loaves with the new tax.

He said cafe owners’ problems were further complicated by a great difficulty in getting half-cents from banks.

The price of a half loaf of white bread is 12c yet they could not get half cents to give as change and if they charged 13c they ran the risk of a heavy fine.

The Department of Inland Revenue has emphasized that because of the “rounding off” tax tables, any amounts which cafe owners might lose on items under 13c would be made up on transactions involving larger sums.

But cafe owners are not so sure.
The Yeoville cafe owner said that because items under 13c formed such a large percentage of his turnover, he would lose between 20 and 25 percent of his previous profit with the new tax.

Mr Michos said his association was surveying three different cafes to see just what percentage of a cafe owner’s turnover is formed by transactions involving items under 13c.
Galloping Sales Tax

AFTER a week of GST the South African consumer is unhappy, confused, and lighter in the pocket—lighter by a good deal more than four percent. Helped by shopkeepers who are either equally confused or simply on the make, the “new era” of point-of-sale taxation has become what The Star predicted a couple of weeks back: Galloping Sales Tax.

Abuses are widespread. They range from “rounding-off” new prices to a convenient (and invariably higher) sum to the excuse that “we were about to raise our prices anyway”, from the refusal to sell a tax-free half-loaf of bread to the Soweto dealer who simplifies life by adding 4c to every sale.

Several other predictions have come true. Officialdom should never have allowed an option between two systems but settled firmly for one, probably the “Add-on” tax which at least tends towards clarity. It may not be too late to change this. Commerce was insufficiently prepared and the public insufficiently educated.

On the credit side, consumers have been made aware as never before of trade “rip-offs.” Our advice: keep watching, querying and if necessary reporting those dubious prices.
It is disappearing the manner in which people grazed, has in well as to the population which is primarily right have far serious discussion have led to today have no less than the of disinherited. under very dis underpopulations are of the econom grazing right ensured that today mean that to graze. This introduces the Report as to the tribal right to fities in ranching as proportion of the population. Since Botswana has the traditional factor. A ditional rights may population who dation who have process akin to that to graze originated ily. Presumably were the mainstay e exercised their be "Mafisa" custom exercise their right. The traditional right is that it grants only access to land. In order to exercise the right a person must have cattle or smallstock. If he/she has no livestock, or indeed if he has far less than the norm for herds in his community, he has essentially foregone a basic right conferred by the community. By foregoing the right he confers upon others benefits at no cost to themselves and with no return to himself.

Botswana represents a clear case of the need to evolve traditional forms to accommodate the commercial world. One of the forcing houses of the modern world is the company concept: essentially simple yet radical. A parallel development would be to up-grade the right to graze (that is, the right of access to land) into shares over communal land controlled equally by member households. The shares would refer to grazing units according to the grazing capacity of the communal land. In other words, the community would become a company in the modern sense, the asset base of the company being the land it controlled. In this way the right to grazing would be converted to a right over an asset i.e. land which has a certain grazing capacity. At annual general meetings of the company (the equivalent of the community) it would be decided what the carrying capacity...
GST ‘is used to raise prices’

The shopkeeper grabbed the half-loaf of white bread from the shopper’s hands and hurled it behind the counter.

“If I don’t charge you 15 cents, I will lose money. I’m sick of this tax,” he shouted.

The frail, elderly housewife, who had asked only to be charged the correct, controlled price, picked up her 12½ cents and left.

This scene, witnessed by a Star reporter in a Yeoville cafe last night, highlighted what consumers seem to think are the major problem areas of the General Sales Tax.

“It’s not the tax we mind,” one man told Fair Deal. “It’s the way the prices are being pushed up beyond any percent. Why can’t they just have the one system for collecting tax?”

“This add-on, add-on business is just causing confusion.”

And many of the hundreds of disappointed shoppers who telephoned Fair Deal to complain of overcharging echoed his opinion.

Just how has the new tax influenced prices? And what has been the result of the Government’s much-disputed decision to allow retailers a choice between the exclusive and inclusive methods of collecting the tax?

Fair Deal surveyed 25 products at five major supermarkets in late June and then again on July 6 to check on any increases beyond the compulsory four percent.

We found a total of 10 price increases, the highest of which was about six percent, and was for sugar. But the sugar increase was justified as the manufacturers had put up the price from the end of June.

NO DIFFERENCE

We also surveyed 32 household appliances, ranging from stoves and refrigerators to telephones and iron at four major department stores over the same period.

And no price increases (other than, of course, the compulsory four percent increase with GST).

In a separate survey, Fair Deal found, too, that there were no marked price differences between these supermarkets using the exclusive (add-on) system of collecting tax and those using the inclusive (add-in) system.

The survey was conducted by the four major supermarkets’ Pick ’n Pay, Spar, OK Bazaars and Checkers.

There were some substantial price differences between stores for particular items. For example: Snowflake cake flour (5 kg) cost R1.32 at OK Bazaars, Malvern (excluding tax) and only R1.15 at Checkers, Malvern (including tax).

But on an overall shopping basket, there was little difference between the stores: a basket of 22 identical items cost R19.31 at Pick ’n Pay, R20.47 at Spar, R20.67 at OK and R19.27 at Checkers. (These totals include tax.)

So where are consumers encountering the problems they complain about?

The bulk of their complaints refer to the large stores and major chains, but to small businesses where they found that shop owners were often ignorant of the details of the General Sales Tax legislation, and shopkeepers, often black, were far from informed about it themselves.

The elderly housewife who left the Yeoville shop without her half-loaf of white bread thought that the correct price was 12½ cents, but she was not sure.

The cafe owner firmly believed that because he had to pay tax on his turnover, he would lose money if he did not charge this shopper 15 cents for her bread.

He believed this, despite the fact the Government did not.

It’s never cheap in Soweto

It’s never been cheap to shop in Soweto and with the new General Sales Tax the situation hasn’t changed.

Shops in Soweto are mainly small, one-man businesses. Unlike the large supermarket chains found in other areas, they have to buy their stock in small quantities. As a result they are unable to get the discounts and cheaper prices for bulk buys which the supermarkets get from their suppliers. The prices they have to pay for their stock are high — and the prices they charge their customers are just as high.

How do these stores compare now there is General Sales Tax?

In Soweto the cheapest MEALIE MEAL we could find was 22c for a 1 kg pack. The supermarkets didn’t stock the 1 kg size, only 2.5 kg packs.

The cheapest mealie meal in Rosebank was 41c for a 2.5 kg pack. This worked out to 18.5c a kilogram — 14 percent cheaper than the Soweto price.

The cheapest TEA we could find in Soweto was 29c for 50 g. There were no 50 g packs of tea in the supermarkets — their smallest packs were 125 g.

In Rosebank, the cheapest tea was 46c for 125 g. This worked out to 18.5c for 50 g — 34 percent cheaper than the Soweto price.

The cheapest SUGAR in Soweto cost 20c for 500 g. The supermarkets did not stock 500 g packs. Their smallest packs were 1 kg.

The cheapest city price was 37c for 1 kg, or 18.5c for 500 g — about seven percent cheaper than the Soweto price.

The cheapest SALT we could find in Soweto cost 11c for 500 g. In Johannesburg salt and Rosebank, the cheapest price we could find for that size was 11c — 10 percent more expensive than the Soweto price.

In Soweto, the cheapest CANDLES were 33c for a 450 g pack. The cheapest city price was also 33c, but the cheapest Rosebank price was 32c — three percent cheaper.

The cheapest loaf of BREAD we could find in Soweto cost the maximum controlled price of 17c. In central Johannesburg we could buy a similar loaf for 16c — five percent cheaper.

In Rosebank we could buy one for 15c — 11 percent cheaper.

A 420 g tin of BAKED BEANS in Soweto cost a minimum of 29c. In central Johannesburg we could buy a 410 g tin for 26c — nearly seven percent cheaper. In Rosebank we could buy a 423 g tin for 26c — 17 percent cheaper.
<table>
<thead>
<tr>
<th>Item</th>
<th>Pick 'n Pay, Kensington</th>
<th>Spar, Kensington</th>
<th>OK, Malvern</th>
<th>Checkers, Malvern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floro Margarine, 250 g Tub</td>
<td>36</td>
<td>37</td>
<td>36</td>
<td>37</td>
</tr>
<tr>
<td>Rama Margarine, 250 g Brick</td>
<td>64</td>
<td>64</td>
<td>65</td>
<td>68</td>
</tr>
<tr>
<td>Nestlé fat-free Cottage cheese, 250 g</td>
<td>60</td>
<td>54</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Lux Soap, 150 g</td>
<td>29½</td>
<td>29</td>
<td>29</td>
<td>30</td>
</tr>
<tr>
<td>Vim 99, 500 g</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>Tastic Rice, 1 kg</td>
<td>78</td>
<td>85</td>
<td>79</td>
<td>82</td>
</tr>
<tr>
<td>Tastic Rice, 2 kg</td>
<td>1.52</td>
<td>1.75</td>
<td>1.55</td>
<td>1.53</td>
</tr>
<tr>
<td>Black Cat Peanut Butter, 410 g</td>
<td>56</td>
<td>65</td>
<td>55</td>
<td>63</td>
</tr>
<tr>
<td>Five Roses Loose Tea, 500 g</td>
<td>2.32</td>
<td>2.69</td>
<td>2.30</td>
<td>2.65</td>
</tr>
<tr>
<td>Five Roses tea bags, (with tags)</td>
<td>1.65</td>
<td>1.65</td>
<td>1.57</td>
<td>1.61</td>
</tr>
<tr>
<td>Lion Matches, 10 boxes</td>
<td>16</td>
<td>18</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>Sunlight Soap, 500 g</td>
<td>39</td>
<td>46</td>
<td>42</td>
<td>39</td>
</tr>
<tr>
<td>Cobra Polish, 400 ml</td>
<td>43</td>
<td>52</td>
<td>45</td>
<td>51</td>
</tr>
<tr>
<td>Buffalo Table Salt, 1 kg</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>Lion Haricot Beans, 500 g</td>
<td>39</td>
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<td>44</td>
</tr>
<tr>
<td>All Gold Tomato Sauce, 375 ml</td>
<td>33</td>
<td>38</td>
<td>44</td>
<td>35</td>
</tr>
<tr>
<td>Impala Mealie Meal, 5 kg</td>
<td>89</td>
<td>99</td>
<td>97</td>
<td>93</td>
</tr>
<tr>
<td>Ricoffy Instant Coffee Granules</td>
<td>2.75</td>
<td>2.79</td>
<td>3.50</td>
<td>2.79</td>
</tr>
<tr>
<td>Frisco Instant Coffee, 250 g</td>
<td>1.25</td>
<td>1.48</td>
<td>1.25</td>
<td>1.45</td>
</tr>
<tr>
<td>Snowflake Cake Flour, 5 kg</td>
<td>1.49</td>
<td>1.19</td>
<td>1.52</td>
<td>1.15</td>
</tr>
<tr>
<td>Sunlight Liquid, 400 ml</td>
<td>43</td>
<td>45</td>
<td>43</td>
<td>46</td>
</tr>
<tr>
<td>Colgate Toothpaste, 100 ml</td>
<td>87</td>
<td>95</td>
<td>91</td>
<td>96</td>
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<tr>
<td>Tax</td>
<td>R18.57</td>
<td>R19.68</td>
<td>R19.69</td>
<td>R19.27</td>
</tr>
<tr>
<td>TOTAL</td>
<td>R19.31</td>
<td>R20.47</td>
<td>R20.37</td>
<td>R19.27</td>
</tr>
</tbody>
</table>

Add-on or add-in? In this survey of branches of the four major supermarket chains, Fair Deal found some substantial price differences on individual items. But on a total shopping basket there was little difference in price between those stores using the add-on or exclusive system of collecting GST (Pick 'n Pay, OK and Spar) and that using the add-in or inclusive system (Checkers).
Sales tax cut saves public R400 million

Financial Editor

THE Natal Chamber of Industries has estimated that the abolition of sales duty will save members of the public R400 million a year.

This was notwithstanding the impact of general sales tax. The weakness of sales duty, which was imposed at the manufacturing end, was the manner in which it culminated up to the final point of sale. GST contained no such element of escalation. The fact that GST had been pitched to yield, on an annual basis, nearly three times as much as sales duty, was indicative not of any structural fault in the tax but rather of the need of fiscal policy, the Chamber adds.

On the other hand, a Pinetown caravan dealer has told: the Mercury's Tax Answering Service that his showroom floor is full of caravans which were manufactured before July 3 and are loaded with sales duty that has already been paid.

Vehicles

"The duty on our small vans is R443 and on our large vans R694. How can I expect people to buy these vehicles when they know that sales duty has been taken off?"

"Dealers in all parts of the country are in the same position."

Another bad feature of the introduction of sales tax has been the sharp rise in prices of many goods.

The buyer of a large industrial company said yesterday that he had estimated that the prices of goods he requires for the manufacturing process in his company have risen by eight percent since July 3.

A consumer on the South Coast of Natal rang to say that before July 3 she paid 74c for a 2.25gm packet of sugar. The price was now 84c in the local shop. A packet of tea was R1.04. It had now risen to R1.20.

In the following sentences, fill in the gaps.

(p) what are the causes of coronavirus

(q) what are the causes of coronavirus

(r) what are the causes of coronavirus

(s) what are the causes of coronavirus

In relation to the news feature, what do you notice?

26.

22.

21.

20.

19.

18.
Deputy Financial Editor

THE baking industry has been told that it can round out the price of a half-loaf of white bread by a half-cent to cover GST giving a sale price of 13 cents.

A half-loaf of brown bread at 8 cents is not subject to GST unless it is bought with other items at an add-on shop.

A senior executive in the baking industry in Durban said that the S.A. Chamber of Baking had issued a circular to its members which it had cleared with the tax authorities in which it pointed out that the tax rounding-up tables had to be used where the price exceeded 12 cents and that it should be rounded up to the nearest cent.

His understanding of the matter was that white bread could be sold at 13 cents for a half-loaf.

Meanwhile our Johannesburg correspondent reports that the South African Consumer Council has called an emergency meeting today to discuss the Teatroom, Restaurant and Caterers' Association's decision to advise its members not to sell half-loaves.

Executives of the association have refused the council's request to reverse their decisions, but will attend the meeting today with representatives of the Wheat Board and Department of Inland Revenue in an attempt to iron out the tax problems.

Cafe owners and confectioners were advised to stop selling half-loaves at the weekend because it was not clear whether they could charge the 4 percent general sales tax on a half-loaf which costs 8c.

This follows complaints from the public that shopkeepers were halving the one-cent tax on whole loaves and charging 8-and-half cents for half-loaves.

Yesterday the chairman of the Teatroom Restaurant Proprietors and Caterers' Association, Mr. D. Michos, said cafes were losing 0.1c on every half loaf they sold at the controlled price of 8c.

Cutting

But he added that it was up to the individual shopkeepers to decide whether to continue or stop selling half-loaves.

Several cafes have already stopped selling half-loaves but some are still cutting 8-and-half loaves in half for customers.

A number of traders are confused by the situation.

Meanwhile the Consumer Council has been inundated with angry complaints from customers who say they are no longer buy half-loaves or that they are being charged the extra-half-cent.

The Mercury tax team was told yesterday that the forms used by shopkeepers to pay their GST would be sent out from Pretoria each quarter. There would be forms for each month.

An expanded guide to GST taxpayers would also be sent out.

Gift parcels from abroad are not subject to tax but a Durban resident said he had to pay 28 cents at the Post Office on a R7 gift parcel from Britain.

This is not authorised.

Dentists and doctors and other persons who are members of medical aid organisations have a problem because they have to absorb the GST on their purchases of drugs and other medical supplies and cannot raise their fees to cover the increase.

Fees for school and technical college hostel students may be subject to GST. But it is a grey area which the Durban office of the Receiver of Revenue is investigating and will issue a ruling soon.

Meanwhile it has been confirmed that the policy on "empties" has been changed.

Where an empty bottle or container is sopped for a full one there will be no tax on the deposit for the bottle. The contents will be taxed.

But the decision does not apply to sops of more than one empty bottle for a single bottle. It must be on a bottle-for-bottle basis.

In Pretoria, reports the Secretary for Inland Revenue, Mr. W. J. H. van der Walt, said yesterday that goods exported from South Africa to neighbouring States were not subject to sales tax although the States formed part of the common customs area. Botswana, Lesotho and Swaziland were outside the Republic and accordingly the sale and confinement of delivery of goods to a purchaser at an address in any of these countries was by sales tax purposes regarded as an export.

The same applied in the case of Bophuthatswana, South West Africa and Transkei.

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8.55
GST SCULPTURE

By Bob Connolly

11/7/8

320

OUCH!

THE UNKNOWN CONSUMER
A matter of dough

It is untenable that cafés and teashops should stop selling half loaves of bread. Even more than mealie meal, the half-loaf is the staple unit for the great majority of South Africans—for white pensioners as much as for black labourers.

From the time the general sales tax was mooted, we have urged that basic foodstuffs should be excluded. That never happened and this situation is the first result, though the authorities have yet to give an adequate reason for not exempting items like bread, milk, sugar and mealie meal.

Members of the Tea Room, Restaurant and Cafe Proprietors' Association claim that, while they used to make 6% profit on half loaves, the 4% sales tax puts them in the red. Though that arithmetic is hard to follow, we accept their prerogative as free agents to sell what they like. So if they believe half loaves are unprofitable, they are under no obligation to sell them.

The onus then resorts to the Government. Somehow, it must ensure that half loaves of bread continue to be available.

To us, an obvious solution would be to use some of the revenue from the GST to increase the subsidy on bread, and so underwrite the profits of the retailer. Isn't it as simple as that?

...
Consumer Council joins the half loaf quarrel

Staff Reporter

THE South African Consumer Council has called for an emergency meeting today to discuss the Tearoom, Restaurant Proprietors and Caterers Association's decision to advise its members not to sell half loaves of bread.

Executives of the Association have refused the council's request to reverse their decision, but will attend the meeting today with representatives of the Wheat Board and Department of Inland Revenue in an attempt to iron out the sales tax problems relating to the selling of half loaves.

Cafe owners and confectioners were advised to stop selling half loaves of bread at the weekend because it was not clear whether they could charge the 4% general sales tax on a half loaf, which costs 8c.

This follows complaints from the public that shopkeepers were halving the one cent tax on whole loaves and charging 8c for half loaves.

Yesterday the chairman of the Tearoom, Restaurant Proprietors and Caterers Association, Mr D. Michos, said cafes were losing 0.1c on every half loaf they sold at the controlled price of 8c.

But he added that it was up to individual shopkeepers to decide whether to continue or stop selling half loaves.

Meanwhile, the Consumer Council has been inundated with angry complaints from consumers who say they can no longer buy half loaves of bread or that they are being charged the extra half cent.

Many employers have also complained on behalf of their labour forces.

Yesterday Mr Mike Hawkins, head of the Council's public relations department, said the implications of the situation were very serious and could result in a considerable waste of basic foodstuff.

The General Sales Tax did not apply to goods sold for export from South Africa, the Department of Inland Revenue announced yesterday.

This meant that the sale and consignment of delivery of goods to a buyer in Botswana, Lesotho, Swaziland, Bophuthatswana, South West Africa and Transkei was, for sale tax purposes, regarded as an export.

"The exemption also applies where goods are sold and delivered to a person in the Republic if the seller is satisfied that the purchaser carries on business outside the Republic and the goods will be conveyed forthwith to his place of business for resale, use or consumption in the course of his enterprise," the statement said.

Weather Mail
Bread price war erupts

Pretoria Bureau
Consumer protest has flared throughout the country at the threatened ban on sales of half loaves by cafe owners.

The Consumer Council held an emergency meeting yesterday with representatives of the Tea-room and Restaurant Proprietors’ and Caterers’ Associations to thrash out the issue.

Representatives of the Department of Inland Revenue, and the Wheat Board also attended.

The Tea-Room Association said retailers were not allowed to charge tax on half-loaves (or any other items under 18 cents), yet had to pay in GST on their total turnover.

But the Consumer Council has been inundated with complaints as consumers found it almost impossible to buy half loaves.

Mr Michael Hawkins, from the council, said consumer reaction had been country-wide. Many employers had complained on behalf of workers.

He said the situation could result in a “severe deterioration” in relations between consumers and cafe owners.

The meeting aimed at finding a quick solution to the problem.

“We also asked the associations to advise members to continue selling half loaves until we had met, but they felt unable to do so at this stage,” Mr Hawkins said.

A price war on half-loaves of bread was launched in Durban today, with two major supermarkets declaring they would sell brown at 7c and white at 12c permanently and add no tax.

Mr Geoff Gilzean, Checkers’ top Natal executive, said his stores would be selling half loaves of bread at 8c for brown and 12c for white.

“In fact it would pay a customer to buy two half loaves of white bread for 24c rather than a full loaf for 28c, as this price includes 1c tax.

Mr Alan Gardiner, of Pick ’n Pay supermarkets, said his stores would be selling a half loaf of white bread for 12c and a half loaf of brown for 7c.

In Johannesburg the position is unchanged.”
Tax muddle hits police

THE South African Police are incorrectly charging general sales tax on inquiries made about third party insurance discs.

This is the latest in a number of strange situations created by the tax.

Mr. V. Carkeek, of Natal Motor Accident Claims Advisers, told The Natal Mercury Tax Answering Service that he had made an inquiry at the Greenwood Park Police Station about a client's third party disc.

"I knew that I would have to pay a fee of R1.50 but the police officer told me that he would have to add GST." Instructions had been received from Pretoria that this had to be done. He said that no information would be given until GST was paid.

The Mercury's crime reporter confirmed with the police that this was the position.

Mr. A. Mather, acting head of the Receiver of Revenue's sales tax department in Durban, said that such information given by the police was not a taxable service. He promised to take the matter up with Police Headquarters.

Meanwhile, South Africa's bread tax muddle took another twist yesterday with a hint from the Wheat Board that the price of bread could soon rise and a ruling that any dealer who charges sales tax on half-loaves is liable to prosecution.

The general manager of the Wheat Board in Pretoria, Mr. D. F. Aarde, yesterday dismissed a "misunderstanding" an earlier statement by the baking industry that it could round out the price of a half-loaf of white bread by half cent to cover GST giving a sale price of 13 cents.

Mr. Aarde said as far as the Wheat Board was concerned, a half-loaf of white bread was a single unit which, as it sold for less than 13 cents, was exempt from sales tax.

He said dealers must comply with this ruling and anyone who charged sales tax on half-loaves of white bread was breaking the law.

"We will issue them with a strong warning and if they persist in charging tax we will have no option but to prosecute them." Mr. van Aarde said he realised the decision would mean some dealers would be put in "a predicament" because of what he described as the no-man's land which existed between tax on items falling between 12½ cents and 13 cents.

He said that a meeting called to discuss the refusal by cafes and tearooms to sell half-loaves of bread had been postponed yesterday.

Asked about the possibility of there being an increase in the price of bread, Mr. van Aarde said the R25 million set aside by the Government for a subsidy on brown bread was running out fast.

He said this was because the nation's bread eating habits had changed over the past few years.

He said the previous trend of 64 percent white bread to 36 percent brown bread had been reversed. "We now eat 65 percent brown bread to 35 percent white bread." Meanwhile in Durban yesterday, Mr. Alan Gattiner, head of one of Natal's supermarket chains, said all supermarkets would continue to sell half-loaves of bread.

He said cafes who refused to do so were not acting in the interests of their customers.

See K.J. Dover's commentaries on Thucydides and use the standard histories - Bury/Maigge, Hammond etc.

Inside Mail

A black eye for GST in Fochville

VITA PALESTRANT

"I GOT a cut lip and a black eye." That was a Fochville hotelier's reply to the question: "What has been your experience of GST?"

It all had to do with a bar lunch special, once $11, a price increase of $2. GST $3 and a Fochville man who could not take it.

"He threw his plates at me, and hit me here and there." The hotelier — who did not want to be named— pointed at his eye and his lip.

The customer is not always right and the problem was sorted out to the hotelier's satisfaction. "He is now in hospital. I drove him there, paid the medical bill and explained the price increase.

Traders and customers in this small mining town west of Johannesburg have a basic, if earthy, respect for each other.

And sometimes it may be taken too far. For instance, Mr G Brits, the only pawnbroker in town, was persuaded by a farmer that the watch he bought for his "labourers" were part of his farming operation. "Farmers have privileges so I didn't charge him tax."

Any chance of malpractice and someone is bound to get wind of it.

"We've warned our 'NISA' not to pay tax on last month's accounts," says maestrosely Mrs Barbara Wood, a dress shop manageress. She had heard of a small shopkeeper who had thought of doing precisely that (NES? New-European-ans).

There is little room for GST exploitation in a small town such as Fochville. Mrs Lorraine Henderson, a hairdresser, puts it this way.

"We all use each other's shops. If we cheat them they'll cheat us."

"It's a small town so you have to keep your nose clean," says a pharmacist.

"You can't afford to jeopardize your business. You know your customers and have to lean over backwards to keep them."

Word-of-mouth has not lost its power in Fochville.

"Everyone knows everyone else here, and they talk a lot," says the ex-hip hotelier. "You can't cheat."

Add to that a point raised by the only butcher in town.

Mr W Wolder estimates that there are approximately 5,000 whites living in the town but "a lot of money is spent in other places and it's killing traders here."

"Even the blacks know what to expect," says Mrs M Marais who runs a furniture shop.

Mrs Eva Jonge, the pharmacist's assistant, has been educating her customers about GST for some time. "I explained to them beforehand what it is and how it works."

A cafe owner, Mr Manuel Gonzo, says he has a problem: "The blacks understand better than the whites sometimes."

Mr Brits, the pawnbroker, says some of his black customers don't understand. "I explain to them and they whine."

How did Fochville traders go about organizing GST? By meeting a month before it was introduced in one of Fochville's two hotels.

The hotelier said: "I think someone from Johannesburg came down to talk. The pharmacist says, 'No one knew much at that stage."

But even if, that wasn't tech use, information picked up in the Press about GST was probably widely circulated among Fochville traders.

That's not difficult when the Central Business District occupies three streets.

"Everyone helps everyone else here," says Mrs Wood. She gave her extra rounding-off tables to one of her trading neighbours.

And Fochville business ethics did indeed seem to be impeccable. Black "Mail" journalist, Diogo Segola, proved it.

He was able to buy neatly wrapped half loaves of bread at the CORRECT price. Only one cafe refused to sell him half a leaf.

"I've never sold them," the proprietor said apologetically.

Closer to Johannesburg the more familiar GST problems cropped up again. Vereeniging's Good Luck Pub and Chips was not kind to Mr Segola. He was charged $6 for half a loaf of brown bread — correct price $2.40.

"I can't eat half bread," he groused.
Some comes back

Taxpayers in the upper income brackets should have an extra R195m to spend at the end of this month. Repayment of loan levies will account for about R180m of that, while reduced income tax deductions will add another R15m (R9m of which will be in the form of reduced PAYE deductions).

Income tax deductions have fallen because of the removal of the 10% surcharge that applied to individuals and the 1% surcharge applicable to companies. New (PAYE) tables and tax tables for provisional taxpayers came into effect on July 1.

The application of these tables will reduce individuals’ tax burden by one-twelfth. The measure only applies to those who were paying surcharge before, that is, to persons who were paying more than R150 a year in normal income-tax.

This means that individuals who were paying about R160 a month in tax will now pay roughly R147 while higher income earners paying R300 a month before will now pay R275. Provisional taxpayers will adjust their payments according to the new tax tables applicable to them, with individuals paying one-twelfth less and companies paying one-forty-ninth less.

From these reductions Finance Minister Owen Horwood estimated in the budget that total tax payments by individuals would be reduced by R132m and those by companies by R48m.

 Altogether 667,000 individuals and 46,000 companies will benefit from loan levy repayments. A total of R92m will be put into the pockets of individuals (R69m capital repayments plus interest of R23m) and R38m will go into company purses (capital — R67m; interest — R21m). The cheques are already in the post so they should start arriving late this week or early next week.

The result of all this could be yet another Christmas-type spree (see story above). With the loan levy repayments to individuals alone putting an average of R140 into 667,000 pockets the money is clearly there. Average monthly disposable personal income last year was roughly R1,800. The extra cash available to individuals at the end of this month represents a 5.5% increase on that monthly average.

Repayments of loan levies and surcharge reductions that benefit companies will probably filter through to individuals over the next two to three quarters in the form of dividend payments and swell the buying power of the upper income groups even more.

To top it, the extra liquidity in the money and capital markets may bring more downward pressure to bear on in...
terest rates.

have been taking the obvious remedial action unilaterally - by simply putting up the price of everything not price-controlled by as much as the market can bear. Everyone has a rip off story to tell

and the Consumer Council says complaints are pouring in.

Putting up prices may be unpatriotic and inflationary, but it's certainly legal, and arguably good capitalism to boot.

Nobody in his right mind is going to argue that the consumer canes should now go to recover the man in the street for his newspaper, matches, sweets and buns. If cafe owners are about selling those items, it will be the poorer blacks, whose buying is weighted towards that very low price bracket, who will suffer most.

Clearly the no tax under 13c provision is inadequate. Equally what is needed is a revised rounding off formula that makes all tax recoverable, albeit at the cost of a fractional overtax on the low, low, low, cost items.

This week and next the cafe owners, consumer organisations, government departments and the Inland Revenue department will be meeting and talking. There is no reason why they should not come up with a remedy.
In black and white...The big 'tax-up'...
Decision soon on 13c barrier

Pretoria, 18/7/78

The Department of Inland Revenue is likely to decide next week whether to amend the General Sales Tax regulations to permit the taxation of items costing less than 13c.

Meanwhile, most cafe owners will continue to refuse to sell half loaves of bread to avoid a situation in which they, not the customer, pay the tax.

The department's decision will be based on results of a survey being taken by the Tearoom, Restaurant Proprietors and Caterers Association, to determine what percentage of cafe turnover is made up by items costing under 13c.

The secretary of the association, Mr. Demetrios Michos, said the survey covering the Reef, Johannesburg and Pretoria areas and the results were expected near the end of this week.

He said it had been found that in rural areas 40% of the turnover of some cafes involved commodities costing under 13c.

"We are not making a noise about nothing. The present system means substantial losses for cafe owners," he said. He expected a meeting with the Department of Inland Revenue to be held early next week.

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POLITICAL comment on this issue by Allwino Kwila; Banakwe, Poh, and F труд; President and Chris 
Day. They believe that the change is long overdue. It is a move that will benefit 
the country's economy as a whole. They urge the government to press ahead with 
the change as soon as possible.
GST rush lifts
June shop sales
to over R1000m

By Michael Chester, Financial Editor

Consumer spending in the retail stores in the June buying spree to beat
the new general sales tax broke all records to surge over R1 000m, it is
revealed today in a provisional count by the Department of Statistics.

Allowing for seasonal
trends, which means iron-
ing out freak peaks like
the Christmas-time flings
to show a more depend-
able pattern, it was the
first time ever that the
billion rand level was
broken in a single month.
Even retailers them-
sewes were astonished by
the dimensions of the
shopping spree. Though
they anticipated a lift
from pre-GST sales, they
had forecast June spend-
ing going no higher than
R928m.
In fact, the actual value
of sales rocketed almost
10 percent over the May
total to go over R1 094m.
Added to that, sales by
the motor trade retailers
also broke all records to
swell above R440m —
also a 10 percent jump —
as bargain hunters came
in to buy new and
second-hand vehicles and
motor accessories ahead
of the GST deadline.

Neither store retailers
nor motor traders expect
their sales tills to fill as
fast in the current month;
But both sectors have
trimmed down the size of
the sales tills they had
earlier predicted in the
July hangover.

The optimism over the
chance of sales staying
relatively buoyant a few
more weeks was kindled
by estimates that the In-
land Revenue payout of
1977 loan levies to indi-
viduals and companies will
amount to nearly R200m.
Also likely to soften the
impact of GST is the cut-
ting of sales duties from
the start of July as announ-
ced by the Minister of
Finance.

On a Department of
Statistics survey, store re-
tailers now expect the val-
ue of July sales to slip no
worse than 6.3 percent to
hold around R942m —
still the best on record
apart from the Christmas
shopping bouts of the past
three years.

However, in perspective,
though that means a 5.6
percent improvement on
July 1977, it still means a
dip in real terms com-
pared with 12 months ago
when inflation is counted.

Moreover, even if the
loan levy bonus cushions
sales this month, the econ-
omy axe on the shopping
basket is inevitable sooner
or later.

By hints dropped at the
weekend, Senator Owen
Horwood agrees with the
bulk of economists that a
further round of stimul-
ants — even if in only
cosmetically diminished
amounts — is essential if the recovery is not to run out of steam.
GST boost for some big stores

Financial Editor

THE O.K., Samson, Pick 'n Pay, Metro Cash and Carry, Pep Stores and others which deal for cash will receive a substantial boost to their liquidity because of the introduction of general sales tax.

During the financial years which ended in February and March, 1978, the O.K. had a turnover of R540 million. The figure for Pick 'n Pay was R330 million, Metro Cash and Carry had R243 million and Pep Stores R109 million.

It is on the turnover figures that the Receiver of Revenue requires the tax of 4% per cent. It has to be paid to the Receiver on the 20th of the month following the month in which it was collected.

With effect from July 3, GST has been flowing in continuously and the large stores will place the money in the bank on call.

If it can be kept there for 31 days it will earn 8 percent in interest. For lesser periods a return of at least 5 percent should be received.

Meanwhile Barclays National Bank has estimated that GST will increase the cost of living by slightly below 2 percent.

The bank has just carried out a survey and its conclusion is that the effect of the tax on prices and the rate of inflation could be quite substantial.

However, changes in sales duties, announced recently by the Minister of Finance, could reduce the inflationary effect of GST.

Pre-tax sales spree

Sales-tax spending spree in June boosted retail sales throughout the country to more than R1,000 million, according to figures released here yesterday by the Department of Statistics.

This is the first time - except Christmas periods - that retail sales have climbed beyond R1,000 million in one month.

During June store managers predicted record sales, they said it was like a middle of the year Christmas rush.

According to the Department returns for June some of the smaller stores doubled their turnovers.

Economists pointed out, however, that if the Minister Owen Horwood, had given notice of his intention to abolish the sales duty on a large range of goods, and to reduce it on others, from July 1, buying would not have reached the R1,000 million proportions.

The abolition of the sales duty meant that even after the imposition of the sales tax from July 3, a large range of commodities were actually cheaper than they were in June. - (Saps)
<table>
<thead>
<tr>
<th>Item</th>
<th>Hyper Ama PreGST</th>
<th>Hyper Ama PostGST</th>
<th>Pick 'n Pay PreGST</th>
<th>Pick 'n Pay PostGST</th>
<th>OK Bazaars PreGST</th>
<th>OK Bazaars PostGST</th>
<th>Multi Market PreGST</th>
<th>Multi Market PostGST</th>
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</table>

The effect of GST on prices at leading supermarket chains and hyperstores appears to be minimal—little more than the normal in store price discrepancies. Before and after GST surveys, conducted by Consumer Mail researchers, show that the supermarkets are not taking advantage of the introduction of GST to hike prices. Both the OK Bazaars and Pick 'n Pay have adopted the add-on tax system where the 4% tax is added on at the till points. Checkers and their Multimarket are using the add-in system where the price you see is the price you pay—tax is included in the price on the label. For the readers' convenience and to help with price comparisons, Consumer Mail has deducted the tax from the add-in stores, Checkers, and the Multimarket, in the table. The survey shows that consumers are not being taken for a ride. Most prices remain the same and some have even been reduced. The price of Close Up toothpaste has gone down in most supermarkets—and by as much as 11c at the Hyperama. Margarine and butter prices have remained constant in all stores, while sugar prices have been hiked by 5c at Pick 'n Pay and the Hyperama and by 10c at the Multimarket. Impala Maize Meal prices have gone up by 6c at the Hyperama and up by 10c and 5c respectively at the OK Bazaars and the Multimarket. The price of salt has remained the same or dropped.
Food-price hike since sales tax

Financial Editor

Food products sold in tearooms have increased in price by about 10 percent since the introduction of general sales tax.

This is the finding of a survey carried out by The Natal Mercury's tax answering team which has received a large number of complaints about price hikes in tearooms.

Mr. Freddie Helmond of Mabel's Tearoom in Bellair, confirmed the figure of 10 percent but added that the tearooms should not be blamed for these increases.

"There are very good reasons for the price rises. The manufacturers are charging us more for chocolates, biscuits and other products. All processed meats went up by 15 percent on Monday. Now the tearooms are being used as a scapegoat.

"I have estimated that I have lost R3 a day since GST was introduced two weeks ago as I am not allowed to charge the tax on chips, cold drinks, milk and newspapers."

A spokesman for National Cash Register, whose company is re-equipping tearooms with new machines to enable them to cope with GST, also confirmed the tax team's findings.

He said that the small shopkeeper not only felt that he was losing money over GST but, he was also worried that he would not be able to find the 4 percent turnover that he would be required to pay, on the 20th of every month.

"As a result they have pushed prices up right across the board. On some items it has been as much as 25 percent."

On the other hand, Mr. Desmond Weiss, joint managing director of the Knowles Hypermarket in Pinetown, said that it had been a different story at the large stores where there had been little change in food prices since July 3.

"Tearoom prices have always been higher. They provide a service and the consumer has to pay for it.

"Our suppliers have played the game since GST was introduced and there has been no increase in our costs."

Meanwhile, the Minister of Finance, Senator O. P. F. Horwood, speaking in Pretoria this week, said GST would exercise a "one time" upward pressure on prices.

This should be neutralised by the scaling down or abolition of sales duty.

Mr. Vincent Lourenco, chairman of the Natal Tearoom Owners' Association, confirmed last night that prices from the manufacturers to the tearooms had been increased.
GST confusion and the building industry

VITA PALESTRANT reports

WHILE GST confusion has largely been sorted out, the public is still puzzling over certain aspects of the tax in the building industry.

Some of the questions put to Consumer Mail in the past week are: Do I pay GST on a tennis court or pool? What happens if I commission a landscape architect to design and construct a garden? Electricians sometimes charge their customers GST and at other times do not, why is this the case?

Basically all these questions can be answered by keeping the following in mind.

Firstly, fixed property and services related to it are NOT taxable.

Only materials used in the building of fixed property are. However this is paid for by the building contractor or sub-contractor. They are considered the end users of the materials and it is they who pay GST.

But they are able to recover the cost of the tax by including it in the overall prices they charge. In the case where a contract was signed before July 3 and the contractor has increased costs as a result of the tax, he is able, in terms of the Sales Tax Act, to recover it from his customer.

Secondly, it is important to remember that GST is only levied on tangible movable goods and services related to the goods.

GST charged on these services includes labour.

Thus, where an electrician does work on movable goods such as television sets, refrigerators, stoves and, in short, all electrical appliances, he will charge his customers GST on the whole bill including labour.

There is one exception. Where an electrical contractor does repair work or maintenance on machinery directly involved in the manufacture of goods there will be no GST charge.

But where the electrical contractor does work or repairs on fixed property, such as rewiring or installing light fittings, he will not charge GST.

Tennis courts and swimming pools are treated in the same way as fixed property.

So, if you wish to build a swimming pool or tennis court, you will not pay GST.

Your building contractor who builds that pool or tennis court will pass on the four per cent he paid on the materials.

The advantage of not paying GST as such, is that you will not be paying four per cent on labour as well.

Also, the landscape architect, who designs and builds your garden, will pass on the cost of GST he has paid out on materials and plants.

And here is something to mull over in your mind. Plants sold by nurseries are subject to GST.

For some odd reason they are not considered immovable goods, so watch that oak of yours from now on.
SA tax law outlined for Transkei traders

EAST LONDON — Some Transkeians have been trying their luck but not getting away with it — sales tax-wise.

An East London shop owner said he had been approached by a person claiming to be a Transkeian. The man had wanted to buy certain items without paying sales tax, saying this did not apply to Transkeians buying goods in South Africa.

"It's a chance, but not the correct situation," the owner said yesterday.

The Receiver of Revenue in East London, Mr. J. D. Euvrard, said the law laid down that goods delivered or consigned to Transkei or any other independent state could be sold free of the four per cent sales tax.

"Provided the seller is satisfied the buyer is trading in the goods in Transkei and that the goods he is buying are for resale, the seller can sell the goods free of sales tax," Mr. Euvrard said.

If the seller knew the buyer, he could sell the items without the buyer producing a vendor's certificate.

The same applies in Transkei, which also introduced the four per cent sales tax on July 3, the Commissioner for Inland Revenue, Mr. M. Pretorius, said from Umtata yesterday.

"The same position applies here as it does in South Africa," Mr. Pretorius said. "The buyer must produce a vendor's certificate from either myself or Mr. Euvrard, and then only if the commodity is for resale."

— DDR

MR. EUVRARD . . . seller must be satisfied.
supermarkets which have adopted the add-on method of applying gst are hit with consumer allegations of profiteering.

the SA Co-ordinating Consumer Council has had complaints about Checkers increasing prices by more than 4%. Market sources attribute the complaints to the fact that Checkers issued a national circular listing new prices inclusive of gst. But due to different prices ruling in different regions, this meant that some prices went up by more than 4%.

Checkers executive vice president Bob Harvey admits that they had some errors and complaints, “but nothing very great.” The national circular did give rise to some errors in different regions and there were also some errors in the computer sheets used in the marking up process. But he points out that this is bound to happen in such a mammoth operation (Checkers pulled in roughly 13,000 people to help in the remarking).

Harvey says that each division of Checkers is working hard to correct the errors. He explains that Checkers imposed a price freeze from June 3 up to July 3. Consequently some prices did go up by more than 4% as a result of increases that had been held back during the interim. In fact this policy rebounded as consumers saw the size of the
Sales tax collection date set

Financial Editor

AUGUST 18 will be the date on which the first collections of general sales tax will have to be paid to the Receiver of Revenue by commercial and industrial firms. This is two days earlier than expected.

This news was given at a sales tax seminar held at Natal University, Durban yesterday. It was arranged by the National Council of Chartered Accountants (S.A.) and Mr. W. H. van der Walt, the Secretary for Inland Revenue, was among the panel of speakers.

Mr. O. B. Herbert, a member of the council’s taxation committee, told delegates that it was probable that some companies would have trouble in meeting the August 18 deadline.

Mr. Herbert said that he could not see how companies could complete their records in time.

Deposit

"I feel that firms will have to see the Receiver and agree on a deposit and this will have to be paid in advance of the month after the month." Mr. Herbert gave a warning that small firms could have cash flow problems. He advised such concerns to watch their cash position carefully to ensure that they had enough money to pay the GST amount to the Receiver every month.

Professor J. R. P. Morris, of the University of Cape Town, said that everyone must realise the importance of keeping proper books and records. This accounting would have to start at once if major problems later on were to be avoided.

Mr. van der Walt told the seminar that he was happy in the way that GST had been introduced.

"We did not see all the problems. We are still learning and finding the answers. Tax is a living thing and is always changing."

Insurance

Mr. van der Walt said that there would be no charge in the system for charging tax on items sold for 12c or less.

He acknowledged that it was news to him that the South African Police were discharging GST on food levied on the information about...
Despite GST, inflation trend is downward

By HOWARD FREEMAN
Financial Editor

CONSUMER prices rose by 11.3% in the 12 months to the end of June — the lowest annual rate since 1973-74. It seems certain that the general sales tax will push the rate above 10% again, perhaps close to 11%, over the second half of this year. But the clear underlying trend is a steady reduction in the rate of inflation.

On present evidence there is little doubt, in my opinion, that inflation will be back into single-digit levels within the first half of next year.

In 1975 the consumer price index rose by 11.1%. This increased to 11.3% in the 12 months to the end of January this year but since then the movement has been steadily and markedly downward.

The annual rate of increase in the CPI this year to the end of each month has been 11.3% for February, 10.6% for March, 9.9% for April, 9.7% for May and 9.2% in June.

That follows the pattern of wholesale prices where the annual inflation rate has come down from 10.3% in January (admittedly a jump from the 1977 level of 9.5%) to 9.2% in May.

In June this year the overall CPI was 211.0 against 210.0 in May and 193.3 in June last year.

What will particularly cheer the Government about June — apart from the basic downward inflation trend — is that price increases last month appear to have a minimal effect on the poorest groups.

The CPI is now subdivided into three groups. The index for "lower-income" groups rose from 210.1 in May to 212.0 in June to reduce the annual rate from 9.5% to 8.2%.

The 9.9% rate compares with 9.2% for both middle-income and upper-income groups.

The middle-income rate last month rose to 212.2 from 210.4 in May (annual rate 9.9%) and the upper-income rate to 211.4 from 209.8 (6.4%).

What has been happening with inflation this year is very much in accordance with the expectations of a broad "monetarist" view. The rate of increase in the supply of money and near-money was held to 9% in 1976 and 7% in 1977.

Inflation ran well above those levels because of past monetary supply excesses, but the later money supply restraint is making itself firmly felt.

Given the continuation of a severe squeeze on money supply (far too severe in relation to the demands of economic growth, according to some economists) with a rise of about 1% in the first quarter of this year, the downward inflation trend will certainly reassert itself next year.

But those who endorse some broad monetarist conclusion — that the long-run rate of inflation is directly related to the money supply do not share the more fervent approach that money supply is also the only cause of short-term or medium-term factors.

I expect GST to push the CPI higher and to do this perhaps at the expense of some long economic growth, how much being lost depending on how much such reductions as the cuts and abolition of old sales duty offset GST.
Problem of compensating an executive

The question of compensation is a complex one. Even compensation systems designed to solve specific problems of executive turnover and retention and to be consistent with company objectives have been found to be ineffective. The human resource management function is characterized by a tendency toward reactivity, with little effort to build a systematic, proactive approach. A result is an ineffective system of compensation.

BY GEORGE W. NEWMAN, Governor, Florida State Department of Business

SUNSET TRUST, Cape Town

on Reduced Income

Make the most of living

320

SUNDAY TIMES, Business Times, July 23, 1978
### BEFORE RETIRING

<table>
<thead>
<tr>
<th>Description</th>
<th>Before Retiring</th>
<th>After Retiring</th>
<th>Over Age of 60</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Gross Salary/Pension</td>
<td>R700</td>
<td>R420 (40%)</td>
<td></td>
</tr>
<tr>
<td>LESS: Contribution to Pension fund (6%)</td>
<td>42</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>B. Taxable Salary/Pension</td>
<td>658</td>
<td>420</td>
<td></td>
</tr>
<tr>
<td>LESS: Tax</td>
<td>80</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>C. Net Income</td>
<td>578</td>
<td>392</td>
<td></td>
</tr>
<tr>
<td>DEDUCT: Job &quot;overheads&quot; transport, meals, etc.</td>
<td>28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Available Income</td>
<td>553</td>
<td>392</td>
<td></td>
</tr>
</tbody>
</table>

### E. Available for household and discretionary spending

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short fall</td>
<td>151</td>
</tr>
</tbody>
</table>

The reduction in the balance available for household and discretionary spending will be R151 per month, as compared with the crop of R260 per month gross income. What can he do to improve the position? Here are a few suggestions:

1. **Use the money from the endowment policy to pay off the bond.**
   - **Save**: R85 p.m. on bond instalments
   - **Invest the R1 000 not used for the bond**: R6 p.m.
   - **R85 p.m.**
   - **The short fall is now**: R151 — R85 = R65

2. **Ask the bond holder to increase the period of repayment to allow the instalments to be reduced to R40 p.m.**
   - **Save**: R40 p.m. on instalments
   - **Invest the R5 000 Endowment Policy**: R33 p.m.
   - **R73 p.m.**
   - **The short fall is now**: R151 — R73 = R78

3. **Commute 1/3 of his pension.** The commutation factor varies with different pension funds and ages of retirement. In this example we have assumed the will receive a lump sum of R10 000 in lieu of R1 000 p.a. pension.
   - **If Mr. Worknmore commutes 1/3 of his pension for R16 800 and encashes his Endowment Policy for R5 000 he might chose one of two courses of action:**
     - **(a) to invest the full R21 800 in Participation Bonds at 10.5%:**
     - **(b) to repay his bond of R4 000 and invest the balance of R17 800 in Participation Bonds at 10.5%:**
   - **The result would be as follows:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Before Retiring</th>
<th>After Retiring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension 2/3 R420</td>
<td>280</td>
<td>280</td>
</tr>
<tr>
<td>Interest @ 10.5%</td>
<td>190</td>
<td>156</td>
</tr>
<tr>
<td>LESS Income Tax</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td>LESS: EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installment Bond</td>
<td>80</td>
<td>NIH</td>
</tr>
<tr>
<td>Life Assurance</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Medical Aid</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Electricity/Water</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Telephone</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Rates</td>
<td>25</td>
<td>153</td>
</tr>
<tr>
<td>DISPOSABLE INCOME:</td>
<td>282</td>
<td>233</td>
</tr>
<tr>
<td>Pre-Retirement disposable income was:</td>
<td>390</td>
<td>390</td>
</tr>
<tr>
<td>Now disposable income will be:</td>
<td>282</td>
<td>333</td>
</tr>
<tr>
<td>Short fall</td>
<td>108</td>
<td>57</td>
</tr>
</tbody>
</table>
Mr Protectionist: That's easier said than done! If we possessed perfect knowledge and information, if all the capital markets were perfect and if there were no such thing as externalities, your objection would be fully justified. However, as you know, this is not the case.

Mr Free Trader: Yes, but the costs of collecting and processing such information would be prohibitive. And even if the information was available, it would still be subject to questions of credibility and accuracy.

Mr Protectionist: And you argue that development is not possible without the protection of infant industries. But what about the development of the international market? Is it not necessary for a country to become a part of the international market in order to develop?

Mr Free Trader: Of course, but the process should be gradual and not through protectionists. Development takes time and effort, and it requires a dynamic economy that can compete on a global scale.

Mr Protectionist: But isn't the protection of infant industries necessary to stabilize the economy in the short term?

Mr Free Trader: Yes, but protectionism is a band-aid solution. It is much better to develop the economy through free trade and competition, which will eventually lead to a more stable and diversified economy.

Mr Protectionist: And how can we ensure that the benefits of trade liberalization will be distributed fairly among all segments of society?

Mr Free Trader: This is a complex issue, but one way to achieve this is through the establishment of a social safety net and progressive taxation policies. These measures can help ensure that the benefits of trade liberalization are shared among all members of society.

Mr Protectionist: But isn't it true that trade liberalization can lead to job losses in certain industries?

Mr Free Trader: Yes, that is a possibility, but the government can provide retraining and support programs to help affected workers. Additionally, trade liberalization can lead to job creation in other sectors, such as services and manufacturing.

Mr Protectionist: And how can we ensure that the benefits of trade liberalization are not captured by a small elite group?

Mr Free Trader: This is a critical issue, and it requires strong governance and oversight. There should be measures in place to ensure that the benefits of trade liberalization are not captured by a small group of individuals.

Mr Protectionist: Thank you for your insights. It seems that there is no easy solution to this complex issue of trade liberalization and protectionism. We need to carefully consider the pros and cons of each approach and make informed decisions that will benefit the country as a whole.

Mr Free Trader: I completely agree. It is a complex issue that requires careful consideration and a balanced approach. Thank you for the discussion.
Retirement – how to ensure you can live in comfort

DURING our working lives we are normally offered benefits by our employers. These may take the form of pension funds, group life assurance schemes and provident fund benefits. To implement these schemes we could effect personal retirement annuity plans. Retirement annuities are not only tax-efficient for retirement planning for professional or self-employed people and call for no special deed and unbiased guidance before implementation. These plans are seen by most companies as the ultimate solution to future retirement and most people are unaware of the problems they may be faced with in the future.

Employers usually initiate pension funds so employees can build up a retirement income during their working years. Pensions can be contributory or non-contributory. Final benefits depend on the length of service and the salary in later years. One third of the pension may be taken in a capital lump sum and the balance must be used to purchase a pension for the employee.

Benefits

There are tax benefits for both employer and employee in a pension fund. Up to a maximum of R1 750 – excluding contributions to a retirement annuity fund – may be deducted from the taxable income of a husband and wife. Employees of local authorities and funds established by law such as universities, CSIR and municipalities do not have these restrictions, and the full contribution in excess of R1 750 is tax deductible. On retirement you may get a cash lump-sum free of tax up to a maximum of R45 000. Any amount in excess of R45 000 is taxable at your average rate of tax in the year that the benefit is received.

The lower your taxable income in the year of retirement, the lower your rate of tax. It would pay you to ensure that the rules of your pension fund allow retirement at the earliest possible date in your retirement year, ie March 1. As the number of years service is a factor in calculating your final pension figure, you should be given the option to retire on March 1 in the year following your attainment of pensionable age. Check if your pension fund rules allow this.

Broken

Broken service accounts for many employees end up with a much smaller pension than they should. This is an example of how Mr A and Mr B fared over a similar period:

Mr A had 40 years service with the same company and a final average salary of R17 000 a year. His final pension is R16 000 per annum.

Mr B had 40 years service with another company and ended up with 20 years of pensionable service and final average salary of R20 000. His final pension is only R8 000 per annum.

Care must be taken to ensure that pension refunds, received when changing employment, are not squandered. Reinvest these pension refunds on the basis of good unbiased investment advice. Legislation to make the transfer of pension funds compulsory is now under consideration.

Depth in service is unplanned, untimely and permanent. The usual benefits paid to widows take the form of group life assurance payments, which would fund the pension for the widow and minor dependants.

Here again, what is sauce for the goose may not be so for the gander. The employee earning R6 000 per annum who dies in service, may get a payment of five times annual salary, ie R30 000. This is an excellent plan providing what is tragically enough, often the widow’s only capital.

However, for the employee of a company who earns say R30 000 a year, the group life pay-out may not mean a payment of R150 000 to the widow, but substantially less.

If the payment is made in terms of a group life assurance policy owned by the pension fund, it would be taxed as a payment made in terms of the pension fund. And at the average rate of tax of employees as much as 50 per cent of the amount, in excess of the tax-free limit of R45 000, may go to the taxman.

This need not be so if the group life assurance policy is not owned by the pension fund but rather by a trust, invested on behalf of the employees.

Cancel

Check to see if your group life assurance cover falls in this category or whether it is part and parcel of your pension scheme.

Because insurance companies which underwrite group life assurance have the option to cancel a scheme if it proves too unprofitable, you could in theory lose the benefit a number of times your annual salary.

So don’t ignore personal life assurance in your overall scheme by assuming that group life cover is sufficient. It is relatively cheap and your health has declined over the years, you may find it impossible to get the assurance cover elsewhere. Accident benefits paid in terms of an accident policy, and under the rules established policy of your company, would under present departmental practices be tax-free.

Disability benefits paid in any way, other than a lump sum, may be considered income and taxed accordingly. Check your accident policy wording now to prevent possible problems in the future.

Ensure

An employee who, apart from his membership of a company pension and provident fund, also contributes to a private retirement annuity must ensure the timing of various options are well executed on retirement.

If all the benefits are taken in one tax year, the result can be a massive tax liability. Retirement annuities, by their very nature, are excellent additions to a personal retirement annuity. They must ensure the flexibility of retirement date and the tax relief offered during the accumulation period.

Careful timing of how and when benefits under the various schemes are to be taken is very important, so the need for care is paramount.

To summarise, there are a number of points which you should check and act upon:

• Does your pension fund’s rules allow you to retire at any time during the year of retirement? If not, you can be faced with an inequitable age rate of tax for the year. Rules can be amended.

• Does your group life assurance scheme form part of the pension fund or is owned by a trust? Do pay your own premiums? How much of the benefit could go to the taxman?

This can be corrected.

• Have you spent your pension refunds when moving from one job to another? If you consider transferring the pension money to another scheme, it may be wise to check with your taxman as to the possible consequences.

• Will your pension, provident fund and retirement annuity benefits all be paid during the same year? By careful planning, you can prevent a lot of capital from going to the taxman and consequently increase future income.

• Will disability benefits be paid in a lump sum or in instalments? If the latter, can the rules be amended to save you paying tax on benefits as income?

• How would your personal life assurance and retirement annuity cover be affected if your group life assurance cover were cancelled tomorrow?
Pick 'n Pay rapped over tax survey

THE Checkers/Pick 'n Pay free-for-all on the question of add-in or add-on has taken on a new dimension.

The conflicting results of market surveys, tackled by both companies to discover consumer preferences on the alternative systems, have created an uproar in the Market Research Association (Samra).

Pick 'n Pay's Raymond Ackerman claimed on SATV's Midweek programme that his survey showed the consumer favoured add-on, while Checkers showed the reverse. Who was right?

Samra's chairman Ian Byers set out to investigate. His investigation showed Checkers commissioned an outside agency to carry out its survey and that Pick 'n Pay reported that its survey had been carried out by its own staff.

BBDO Research, which handled the Checkers survey, had a perfectly acceptable survey document.

"Taken as a whole, the BBDO survey is satisfactory, although I would have liked to have seen a significantly larger sample," said Byers.

The Pick 'n Pay report was not acceptable as market research or even as a market survey, Byers claimed.

"My job as chairman of Samra is to ensure the credibility of the industry is not damaged by irresponsible findings, said to be the result of market research," he said.
them respectable yeomen, many of them sturdy laborers, and many others miserable squatters dependent on casual labor, charity, and poaching. 43

In France, the hierarchy was steeper still, and the condition of the poor, worse. France’s population was far larger than Britain’s—about five times larger—and more rural; roughly six out of every seven Frenchmen lived in the land. 44 The church, which made up a vanishing population—no more than 0.5 percent—now was considerably less than aggressive philosophy; a great deal, and most church lands were held, which totaled 1.5 percent of the French population, another striking disproportion. Well-normally on the outskirts of the towns in a third. And a final third was in the hands of perhaps 85 percent of France’s population.

These bare figures tell only part of the story. The labourers, were prosperous and proud; a man could put by enough to finance their children, make themselves unpopular with their tight-fisted dealings with their poorer neighbors and, indeed most, of the peasants who owned themselves and their burgeoning families with plots. They therefore hired themselves out as labourers or earned a pitance taking in dodgy pathetic property owners at the bottom of their lots, perhaps eleven million French peasants were their neighbors and the price of bread, and five to a life of intermittent labor, migratory work of these peasants were ridden with onerous tithe to the church, a variety of payments as precise as the use of the local wine of taxes to the government. When Arthur Young years from 1789 to 1789 he wrote his famous English conditions, he was amazed at the nature, appalled at the “miserable state of the French peasantry,” to observe that the average French peasant,” They were “content merely to live.” 45

If French peasants suffered in comparison with the English yeomanry, they were at least legally better off than the peasants on Prussian, Hapsburg, or Russian lands. While about a million French peasants—less than one in twenty—were serfs, the vast majority of east European peasants lived in legal bondage. In Austria, they suffered under heavy and growing exactions from their noble landlords; the nobility coveted the peasantry for increasing contributions, through a variety of taxes and, above all, through robot— compulsory labor service. Here, as everywhere else, there were regional and

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44 For the French population of the seventeenth century, see p. 291.
steam engine—the decisive invention of that revolution, the source of power vastly greater than men, or horses, or waterwheels could provide. What has been called the “invention of invention” multiplied the number of devices used in the production of goods; while in the century between 1660 and 1700, the average number of patents granted in England was sixty, in the years between 1760 and 1790, that number rose to three hundred twenty-five. This was the period in which the factory began to emerge, and the factory—a central building with machinery, on which workers converged for stated periods of time—was an invention like that of the steam engine. The factory demanded something new: the regular employment of labor. It put a premium on what came to be called “industrial discipline”—the workman’s ability and willingness to report for work on schedule, every day, for the machines were voracious and could not stand idle. These moral and psychological requirements went hand in hand with improvements in commercial and banking techniques which eased the transfer of funds, and with the agglomeration of sprawling industrial cities, in which the working population clustered in increasing numbers—and increasing misery.

In some industries, notably in textiles, these spectacular improvements were truly revolutionary. John Kay’s flying shuttle, patented in 1733, cut the number of weavers needed to work the loom from two to one. In about 1764, James Hargreaves invented the spinning jenny, a modern mechanical version of the spinning wheel. His first version permitted the simultaneous working of eight spindles; in 1770, when the jenny was patented, it was capable of handling sixteen. The year before, the gifted Richard Arkwright had patented the water frame, and ten years later, in 1779, Samuel Crompton patented the spinning mule. These two inventions permitted the spinning of fine and coarse yarns in unprecedented, hitherto almost unimaginable quantities. And, significantly enough, in 1785 Watt’s steam engine was harnessed to these devices, and factory mass production of cloth was under way. Yet, despite all this, the Industrial Revolution was a slow and uneven growth. It began in England; Germany saw its first steam engine in 1785, and factories in France long remained small. And even in England, the factory town did not spring up overnight: by 1790 there were still fewer than a thousand spinning jennies in operation. The old commercial mentality, the old handicraft industries, and the old small-scale enterprise were tenacious survivors. Through the eighteenth century, Europe remained a predominantly rural society.

This in itself was not a sign of stagnation. There was no rigid separation between agricultural and industrial occupations; before the age of the factory, employers of labor depended largely on the domestic system. They engaged workers, rural and urban, to do their work at home. This held true for England, the mother of industrial society, as well as all across central Europe. In the rural districts of Bohemia, there were more than two hundred thousand domestic workers spinning flax; in the Swiss canton of Glarus there were more than thirty-four thousand domestic rural industrial workers.

Moreover, like the increasing breadth of innovation Turpin Townsend for his el as fodder for livestock, fed ni dual career—politics and scie the style confessional to the En ing” farmers were nothing of a rank and professional n use of deep and straight pl Robert Bakewell, a tenant f immense utility of controls alike. Nearly all these innovat of common land, on which the cattle and the rural poor squ more efficient. Enclosure had i protesters from reformers appell at a vastly increased pace dislocations and protests incre the enclosure movement illu progress; procedures that bene be paid for, and it is normally voices heard or their will felt.

In England, agricultural in the Continent, but even in Eng resistance. The once popular f the proverbial conservatism of Hierarchies of wealth and status were pronounced. In England, the great landlords’ incomes f rent £50,000. Next in line were a great landlords’ incomes ranging from £1000 b ordinary, middling landed gentl £200 and £1000 a year. The least prosperous than that far larger bring them as little as £20, or as it £30 to £50,000, offers a prospect cottage to palace. Yet even this hierarchy steep as it appears, does not comprehend the whole spectrum of English rural life: below the petty freeholder with his £50 or £25 a year were the mass of tenant farmers, some of
Europe in the Eighteenth Century: 1713–1763

In France, the hierarchy was steeper still, and the condition of the peasantry was worse. France’s population was far larger than Britain’s—about five times as large—and more rural people six out of every seven Frenchmen lived on the land. The church, which made up a vanishingly small minority of the French population—no more than 0.5 percent owned 15 percent of that land. This was considerably less than the proportion owned by the English, and more than the share landed, and most of this land was not the least bit desirable. The noble landlords, holding land largely on the outskirts of the towns in which they lived, owned about a third of the land. And a final third was in the hands of peasant families that made up about 10 percent of France’s population. These are figured only partly of the story. A small minority of peasants, the laborers, were prosperous and made a handsome living; many ran businesses unprofitably with their wives and children, and some had a steady income from their government. But most of the peasants were owni 5.4

Cost of living

No, it goes up by 10.5 percent. 

Furthermore, it was customary to require payments in kind—poultry, eggs, meat, honey, homespun cloth, and the like.

* The Hapsburg Empire, 1790-1918 (1969), 66. For the reign of Maria Theresa’s son, Joseph II, see p. 427 below.
The cost of living for blacks in Soweto has jumped by 10.5% in the six months from November last year, the Johannesburg Chamber of Commerce has calculated.

And worse is in store as its figures do not reflect this year’s massive rent increases or the effects of General Sales Tax, which the chamber estimates has increased the Soweto cost of living by a further 3%. The slack increase has been revealed in the chamber’s latest calculations of the minimum living level for a black family of five living in Soweto.

Its new minimum living level for May is R161.40 — an increase of R15.33 since November last year and R22.38 or 16% since May 1 last year.

Provision for further items such as writing materials, sport and savings and emergencies pushes the budget to R174.16.
### Shock jump in prices since GST

By Mignonie Crozier

Two major supermarkets, Pick 'n Pay and OK Bazaars, have put up their prices by between six and 10 percent according to a survey by the Housewives' League

The results, that prices found in the survey could be a reflection of the price increases of sugar and wheaten products, while OK Bazaars also held back increases during June till early July.

#### LITTLE VARIATION

A separate survey by the league and Fair Deal, also published today, has found too that there is very little variation in individual supermarket prices from area to area.

The league says it has found that before the introduction of the General Sales Tax, a basket of 121 items at Pick 'n Pay, Benmore, cost R85.97.

With the same basket costs: R94.64 — 10.1 percent more.

It calculated that this store's prices, disregarding the tax, have actually gone up by 5.8 percent since GST.

A similar basket cost R89.93 at OK Bazaars, Sandton City, before GST. Now it costs R94.98 — 5.2 percent more. The league calculates that this store's prices, disregarding tax, have actually increased by 2.1 percent since GST.

Checkers, Bryanston, have dropped their prices slightly since GST.

(It will be noted that the cost of the shopping basket at the Checkers Store, according to the league's survey results, was about R8 more than the identical basket at Pick 'n Pay and about R3 more than the identical basket at OK before the introduction of GST. After GST, the Checkers shopping basket total was R9.84 more than the Pick 'n Pay total and R3.98 more than the OK total.)

### FROZEN

Mr Neil Werbeloff of Pick 'n Pay said his chain took all prices from middle June to mid-July. During this period it absorbed any price increases and higher costs as a result of special deals and discounts which came to an end. But these prices could not be held for ever, he said.

Mr Allan Fabig of OK said the increase in OK's prices was no more than that of other stores, and that the rise came at the end of the monthly cycle.
Huge rise in AECI profits

Mercury Correspondent

JOHANNESBURG — Chemical giant AECI achieved a 70 percent increase in taxed profit for the six months ended June 30. The interim dividend has been raised from 9c to 10c. The increase in earnings a share for the half year is from 9,1c to 15,2c.

The huge increase in pre-tax profits — from R23,600,000 to R40,100,000 — is partly a reflection of the gradual emergence of the economy from long and deep recession.

That is the view of Mr. Denis Marvin, the managing director of AECI, which is jointly controlled by Industrial Corporation and ICI of Britain.

But Mr. Marvin cautions that the economy is a long way yet from boom conditions.

What AECI's results for the half-year also show, however, is the tremendous growth in pretax profit from 67 percent of its earnings for the previous period,

Sales increase

Sales for the six months to June 30 were R333-million against R276-million in the 1977 equivalent.

But that 20,6 percent rise was sufficient to generate a 70 percent increase in pre-tax profit from R13,500 million to R22,600 million.

Mr. Marvin and Mr. Harry Oppenheimer, the chairman, say: "All plants in the complex joint venture at Sandburg operated satisfactorily during the period.

"However, local demand for the products is well below plant capacity. Substantial export orders have been secured but at depressed selling prices because of the large over-capacity that exists world-wide.

"Provided the experienced level of economic activity experienced in the first six months is sustained, the second quarter should be at least in line with those achieved in the first half."

That suggests earnings for the full year of 45c or more and a dividend total of perhaps 20c. This gives prospective yields of 16 percent and 6.9 percent, with the share price currently trading around 290c.
Too much from too few

Sir — J.A. Bulkie (Letters July 21) misses the point regarding dissatisfaction with high marginal income tax rates.

A tax jump at earnings of R28 000 a year would only benefit taxpayers above that amount, and according to statistics for the 1976 tax year, released by the Minister of Finance, only 0.7% of income taxpayers are in that category.

Moreover, it is accepted that higher paid individuals should pay a higher rate of tax.

The real dissatisfaction with high marginal rates does not start at the R28 000 a year level. In fact, all taxpayers earning over R10 000 a year form only 14.4% of taxpayers, yet they contribute 61.4% of assessed income tax. If consideration is given to the fact that there were only 1,774,175 income-taxpaying units in 1976, of a population of over 20m, the tax-paying burden on the over-R10 000 a year group is even more emphasised.

The real problem with our income tax rate structure is that too few are paying for too many. The introduction of the 4% general sales tax is, therefore, to be welcomed — provided that the new funds generated are used to drastically revise the present tax tables so as to spread the income tax burden more fairly.

R.J. Gibbons, Cape Town.

Whine merchants?

Sir — Your article, "Wine — A faint bouquet" (Business Brief July 14) concludes with two bad recommendations which one would expect to have come as a whistle from a large wholesale producing merchant.

From the point of view of a consumer in the middle to upper price range, the WO certification ("bus ticket" system) is the best thing that has happened to the wine industry since the development of the cold fermentation technique.

Surely the customer can, now more than ever before, obtain a better variety of better quality wines at reasonable prices. The fact that the large merchants are now selling less of their concoctions (mixed cultivars, mixed areas, mixed years — hence not even one "bus ticket" stripe) must not be allowed to prejudice

Wine of origin label . . . just the ticket
Tax man pounces on Mr Big, king of Jo'burg vice

By Bill Smith, Crime Reporter

Mr Big, the man who controls a large slice of Johannesburg's multi-million rand prostitution racket, has been questioned by investigators from the city's Receiver of Revenue office.

A senior spokesman for the Receiver of Revenue's investigation department today confirmed that Mr Big had been called to the receiver's office and questioned.

Mr Big has also been ordered to produce certain books relating to his sprawling empire.

The probe into his financial affairs started after the Star had revealed that one man — identified in various fronts — was in control of 36 of the city's massage parlours and escort agencies.

The Star's investigation found that many of the parlours advertised were giving false addresses and only the telephone numbers enabled a sex-seeking client to make contact with Mr Big's vice organization.

FATHER EMPLOYED

When questioned, Mr Big denied that his father worked for him as a driver. It has now been established that his father drives prostitutes to various destinations and picks them up.

It is also known that Mr Big's father does not use his (Mr Big's) surname and that he has a bank account in Klerksdorp.

About four months ago, Mr Big left his Hillbrow flat and moved into a luxurious mansion in the northern suburbs. In the vast, well-kept grounds is a swimming pool and a tennis court.

To Page 3, Col 1
Misuse may push up GST — warning

The Secretary for Inland Revenue, Mr W.H. S van der Walt, warned yesterday that misuse of tax-exemption certificates could lead to an increase in the GST rate (at present four percent).

Mr Van der Walt said he was not threatening businessmen but trying to plead for cooperation.

"With the population situation in our country, it is imperative that we keep the tax rate as low as possible," he said.

Earlier a delegate to the seminar told Mr van der Walt that certain wholesalers were refusing to charge tax to holders of vendors' certificates, even if those certificates holders made it clear that they were buying not for resale, but for their own consumption.

Mr van der Walt replied that in such cases the seller would be at fault.
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3.7 Dankoffers: 1. Elke Nominee
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3.8 Lyke kook et al.
The impact of Keynes and the Depression on the standing of "Laissez-faire.

The revival of a new form of "Laissez-faire - Milton Friedman and the Chicago School:

1. (1) the distinction between "economic" and "political"

(11) a critique of social welfare policies.

2. Marxian Socialism

3. The centrally-controlled economy

4. Co-operative production

5. Other types of economy

6. Conclusion

Question: What are the key points discussed in the document regarding the depression and its impact on "Laissez-faire"?

The document discusses the impact of Keynes and the Depression on the standing of "Laissez-faire". It highlights the revival of a new form of "Laissez-faire - Milton Friedman and the Chicago School" and critiques social welfare policies. It also covers Marxian Socialism, the centrally-controlled economy, co-operative production, and other types of economy. The conclusion is not fully visible in the image provided.
How a minor can be a taxpayer

• From Page 6

ees may have distributed the income to the various beneficiaries.

However, had the donor made a donation of R100 000, paying the appropriate donations tax, and if the trust deed provided that the income be paid to the beneficiaries, then the beneficiaries would be taxed on what they received, provided they were not minor children of the donor.

After the death of the donor, the position becomes similar to that of a testamentary trust in that the only potential taxpayers are the trustees and beneficiaries.

As can be seen, the tax results of an inter-vivos trust may not be what the donor intended and it is important that the provisions of the deed be drafted by someone who knows what the results will be.

The problem is further complicated by the fact that there may well be a conflict between the provisions, which are required in order to ensure income tax benefits and those which are required in order to avoid estate duty complications.

Expectation

For example, if the trustees are required to pay the income of an inter-vivos trust to a major child of the donor, this might achieve the required income tax advantage of having the income taxed in the hands of the child, but it could be a disaster from the estate duty point of view when the child dies.

The income which he enjoyed from the trust might have to be capitalised over the life expectation of his children and added to his estate in order to calculate estate duty.

An income provision giving the trustees discretion to capitalise the income or pay it to the child would eliminate the estate duty problem, but would probably eliminate the income tax advantages as well.

However, complicated these issues might seem, proper tax planning using trusts can be rewarding and I would suggest that any wealthy person should look into this question when drafting his will.

Assuming that a man anticipates leaving a net estate of R20 000, this could produce an income of say R20 000 p.a. If a testamentary trust is created and the administrators are instructed to pay all the income to the wife, she is unable to get rid of this income without a donations tax problem even if it is more than sufficient for her purposes.

If however, the administrators are empowered to pay the income to the widow, the children and or grandchildren, each recipient will be taxed on what he or she receives or on the amount expended for his or her benefit.

In this way the overall tax burden will be far less than if all the income is paid to the widow and the family will receive more of the total income and the receiver less.

And that, after all is what we all want, however public spirited we might be.
A minor can become a taxpayer.
| **6. Post Office current account.** | Yearly. | 5 | R100 on demand. Larger amounts, 3 days’ notice, or capital can apply to B.M. Retailer. | Tax-free limit is R2000. Interest per person. |
| **7. Bonus Bonds.** | Int rate paid on redemption. | 5 | Indefinite; will be redeemable after 1 year. | Available in various denominations ranging from R5 to R300. Holders can win special cash prizes. |
| **8. Endowment insurance.** | Interest & capital paid out at death or on maturity; no income paid out during first 10 years. | 10 years or more. | | |

**2. PARTIALLY TAXABLE INVESTMENTS**

| 1. Quoted preference shares. | Normally 10% yearly. | About 8.5. | Can be sold on the stock market. | Capital value fluctuates; at least 1/2 of dividend portion is tax-free. |
| 2. Quoted ordinary shares. | Normal 10% yearly. | About 6.5. | Can be sold on the stock market. | Capital value fluctuates; at least 1/3 of dividend portion is tax-free. |
| 3. Building society fixed-period paid-up shares. | 10 years. | | | At least 1/2 of dividend is tax-free. |
| 4. Building society indemnity period paid-up shares. | Indefinite periods; after 10 months available at 3 months notice. | | | |
| 5. Unit trusts. | Can be paid quarterly. | Depends on fund. | Can be redeemed from management company on short notice. | Capital fluctuates; at least 1/2 of dividend portion is tax-free. |

**3. FULLY TAXABLE INVESTMENTS**

| **1. RSA.** | Yearly in arrear. | 8.65-10.5. | Varies. | Can be sold via JSE; price will depend on interest rate prevailing. |
| Public Corporation stock. | | | | As with RSA. |
| Municipal stock. | | | | As with RSA. |
| Property leasebacks. | Yearly in arrear. | | | |

| **4. Fixed deposits.** | Varies. | 8-10. | Varies from 31 days to 10 years. | |

| | | | | |
| **6. Special savings account.** | Varies. | 5% plus 3% premium on maturity. | 5 years. | |
| | | | | |
| **7. Ordinary savings account.** | Interest normally credited yearly in arrear. | 3.5-8. | On demand. | |
| **8. OTHER** | Gold coins, paintings, etc. | Nil | Can be sold if buyer is found. | Pays no interest and capital value can fluctuate; normally capital-free, although it has been indicated that the profits on Krugerrand dealing will be taxed. |

The income accruing to the minor child is deemed to be that of the parent and consequently the parent is responsible for the tax liability and such income is treated for tax purposes as though it was the income of the parent.

Similarly, when the parent enters into a reciprocal agreement with a friend whereby each agrees to make a donation to the children of the other, then any income arising from that source is deemed to be that of the parent.

To sum up it is only where a minor child receives income as a result of a donation made to him by his parent or by a friend of the parent acting in collusion with the parent, that the income of the minor is deemed to be that of the parent.

**Responsible**

In all other cases, the minor child is responsible for the tax. Naturally, the parent must render the return on behalf of the child but it is the child’s return and not the parent’s.

Unfortunately, the Income Tax Act does not define the word “minor” and so if you wish to know if your child is or is not a minor you must revert to statute and common law. In general, married persons of whatever age and persons over the age of 21 years are no longer minors.

Where a parent makes a donation to a major child, there is no question of any further-income tax liability for the parent on any income which arises from the investment of the donated money.

When considering the question of the tax liability on trust income one can draw an immediate distinction between testamentary
3.1 Kerksraad in die maand:
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3.4 Doop: Bevryingsdag, 10.30 vm.
3.5 Voornemens om wyksouerling in kennis te gee.
3.6 Spreukerkweek: 6.00 pm, 3.7 Dankoffers.
3.8 Sondagskweek.
3.9 St. Paul's kweek.
GST is working well, says taxman

 Pretoria Bureau

The public has taken the imposition of the General Sales Tax in its stride, according to the Secretary for Inland Revenue, Mr Mickey van der Walt.

He said this in Pretoria yesterday after discussions last week with accountants in Durban, Cape Town and Johannesburg.

There was a growing realisation that indirect taxation caused a great deal less pain than direct taxation and that, if the sales tax was an alternative — as it was — to higher income tax, then it should be welcomed.

Mr Van der Walt said the R1 000-million a year four percent tax had posed no serious problems since it was introduced almost four weeks ago.

One abuse, however, had surfaced.

Some traders were using their certificates to obtain goods for their personal use, free of tax.

The certificates, he emphasised, could only be used to buy stock, or, in the case of manufacturers, raw materials.

'It had been found, too, that some wholesalers were urging their customers to use their certificates for irregular purchases, because it made their bookkeeping easier.'
Officials to stamp out tax abuse

PRETORIA — The public has taken general sales tax in its stride, says the Secretary for Inland Revenue, Mr. Mickey van der Walt.

He said this in Pretoria on Saturday, after discussions with accountants in Durban, Cape Town and Johannesburg.

There was a growing realisation that indirect taxation caused a great deal less pain than direct taxation and that if the sales tax was an alternative — as it was — to higher income tax, then it should be welcomed.

Mr. van der Walt said during the four weeks since the launching of the new R1 000 million a year 4 percent tax no serious problems — and certainly none that could not be quickly solved — had been encountered.

One abuse however, had surfaced.

Traders

Some traders were using their exemption certificates to obtain goods for their personal use.

The certificates could only be used to purchase stock, or, in the case of manufacturers, raw materials.

It had also been found that some wholesalers were urging their customers to use their certificates for irregular purchases, because it made their bookkeeping operations less complicated.

"I would like to warn these people — they are fortunately a minority — that they’ll burn their fingers.

"We won’t hesitate to impose the penalties provided in the Act to stamp out these practices.

Mr. van der Walt said it was difficult to explain this type of skullduggery, "after all it’s a very small tax."

Mr. van der Walt said he had not yet received representations from the Tea Room, Restaurant Proprietors and Caterers Association that the tax should be levied on goods costing five cents and more.