

## BECHUANALAND PROTECTORATE.

No. 66 of 1948.

(Promulgated 26th November, 1948.)

### PROCLAMATION

BY HIS EXCELLENCY THE HIGH COMMISSIONER  
Entitled the Bechuanaland Protectorate Income Tax  
Proclamation, 1948.

Whereas it is expedient to fix the rates of normal and super income tax to be levied in the Bechuanaland Protectorate in respect of the year of assessment ended on the thirtieth day of June, 1948, and to amend the law relating to income tax;

Now therefore under and by virtue of the powers, in me vested, I do hereby declare, proclaim and make known as follows:—

1. In terms of sub-section (2) of section *five* and sub-section (3) of section *seventeen* respectively of the Bechuanaland Protectorate Income Tax (Consolidation) Proclamation, 1940, as amended (hereinafter referred to as "the principal law"), the rates of normal and super tax to be levied for the year of assessment ended the thirtieth day of June, 1948, shall be as follows:

Rates of  
normal  
tax and  
super tax.

#### NORMAL TAX.

(a) In so far as normal tax is concerned in respect of the taxable income for the period from the first day of July, 1947, up to and including the thirtieth day of June, 1948—

(i) in the case of public companies as defined in sub-section (2) of section *eighteen* of the principal law for each pound of such income, four shillings and sixpence;

(ii) in the case of private companies as defined in sub-section (2) of section *eighteen* of the principal law, the rate to be levied shall be the rate applicable to unmarried persons under sub-paragraph (iii) hereof;

(iii) in the case of persons other than those referred to in sub-paragraph (i), for each pound of taxable income not exceeding sixteen thousand pounds, eighteen

pence increased by one one-thousandth of a penny for each pound of such income in excess of one pound, and for each pound of the taxable income over and above sixteen thousand pounds, fifty pence:

Provided that for a married person the rate for each pound of the taxable income not exceeding sixteen thousand pounds shall be fifteen pence increased by one-thousandth of a penny for each pound of such taxable income in excess of one pound, and for each pound of the taxable income over and above sixteen thousand pounds, forty-seven pence:

Provided further that the net amount arrived at by calculation in accordance with the provisions of this sub-paragraph, shall be subject, after the deduction of the rebates under sub-section (1) of section *seven* of the principal law, to a surcharge of thirty-three and one-third per centum in the case of married persons and forty-five per centum in the case of unmarried persons;

#### SUPER TAX.

(b) In so far as super tax is concerned, for each pound of the income subject to super tax not exceeding sixteen thousand pounds, two shillings increased by one four-hundredth of a penny for each pound of such income subject to super tax in excess of one pound, and for each pound of the income subject to super tax over and above sixteen thousand pounds, eight shillings and eight pence:

Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this paragraph a sum equal to fifty per centum in the case of married persons and fifty-five per centum in the case of unmarried persons of the net amount arrived at after deducting the rebate provided for in sub-section (1) of section *twenty-three* of the principal law from the amount of the tax so calculated: Provided further that there shall be deducted from the amount of tax payable any amount of tax proved to have been paid by the taxpayer in the country of origin by deduction or otherwise on the dividends included in his income subject to super tax.

2. Section *six* of the principal law is hereby amended by the substitution in sub-section (1) of the following definition of "gross income":—

Amendment of Section 6 of Proclamation No. 7 of 1940, as amended by section 2 of Proclamation No. 59 of 1941.

" 'Gross income' means the total amount whether in cash or otherwise received by or accrued to or in favour of any person, excluding such receipts or accruals of a capital nature as are not receipts or accruals referred to in paragraphs (a) to (i) hereunder, in any year or period assessable under this Chapter from any source within the Territory or deemed to be within the Territory, and includes the following:—

(a) Any amount so received or accrued by way of annuity;

(b) any amount so received or accrued in respect of services rendered, whether due and payable under a contract of service or not;

(c) any amount so received or accrued in commutation of amounts due under any contract of employment or service;

(d) any amount received or accrued from another person, as premium or like consideration paid by such other person for the right of use or occupation of land or buildings or of the use of plant or machinery;

(e) in the case of any person to whom in terms of any agreement relating to the grant to any other person of the right of use or occupation of land or buildings, or by the cession of any rights under any such agreement, there has accrued in any such year or period the right to have improvements effected on the land or to the buildings by any other person—

(i) the amount stipulated in the agreement as the value of the improvements or as the amount to be expended on the improvements; or

(ii) if no amount is so stipulated, an amount representing, in the opinion of the Collector, the fair and reasonable value of the improvements;

(f) the annual value of any quarters or board or residence or of any other benefit or advantage granted in respect of employment: Provided that in calculating the gross income of any person the value of any free passage by rail, steamer or air shall not be included;

(g) any amount by which recouplements of capital expenditure which has been allowed to be deducted under paragraph (e) of sub-section (1) of section *thirteen*, or the corresponding provisions of any previous Income Tax Proclamation, exceed the unredeemed balance of such capital expenditure calculated in terms of section *thirteen* (1) (e);

(h) any amount so received or accrued by way of dividends;

(i) any amount which in terms of other sections of this Proclamation is specifically required to be included in the taxpayer's income, but the scope of this definition shall not be limited in any way by the mention therein of the particular matters referred to in paragraphs (a) to (i);"

Amendment of Section 7 of Proclamation No. 7 of 1940, as amended by section 3 of Proclamation No. 59 of 1941, section 1 of Proclamation No. 14 of 1946, section 2 of Proclamation No. 42 of 1946, and section 2 of Proclamation No. 46 of 1947, and section 2 of Proclamation No. 61 of 1947.

3. Section *seven* of the principal law is hereby amended—

(a) by the substitution in the caption for the word "abatements" of the word "rebates";

(b) by the substitution in sub-paragraph (i) of paragraph (b) of sub-section (1) for the words "twenty-two" of the words "twenty-six";

(c) by the substitution in sub-paragraph (ii) of paragraph (b) of sub-section (1) for the words "seven pounds ten shillings" of the words "ten pounds";

(d) by the substitution for sub-paragraph (iii) of paragraph (b) of sub-section (1) of the following paragraph:—

"(iii) (a) in respect of premiums paid by such person during the year of assessment upon policies under which he, his wife, children or step-children referred to in paragraph (b) (ii) is or are insured against death, accident or sickness; and

(b) fees or subscriptions paid by him during that year to any benefit fund, the sum of one shilling and three pence for

each pound or part thereof paid in respect of such premiums, fees or subscriptions subject to a maximum deduction, where such person is entitled to a deduction under the provisions of paragraph (e) of sub-section (1) of section *thirteen* of four pounds, and otherwise to a maximum deduction of seven pounds ten shillings; Provided that no allowance shall be made in respect of insurance under a policy of motor insurance; or under any other policy, if the amount paid as premium for such other policy has been allowed as a deduction from the income of the taxpayer under the provisions of section *thirteen*;" and

(e) by the substitution in sub-paragraph (iv) of paragraph (b) of sub-section (1) for the words "two pounds" of the words "two pounds ten shillings";

(f) by the deletion of the fullstop at the end of sub-section (2) and the substitution therefor of a comma and by the addition of the following words "unless in the case of any such period, terminating at the death of the taxpayer, or commencing at the death of the spouse of the taxpayer, the Collector, in the special circumstances of the case, otherwise directs"; and

(g) by the deletion of sub-section (3);

(h) by the renumbering of the present sub-section (4) as sub-section (3).

4. Section *eight* of the principal law is hereby amended by the deletion of—

- (a) the words after the word "income" in the fourth line of the marginal note;
- (b) "(1)" in the first line; and
- (c) sub-sections (2) to (13) inclusive.

Amendment of Section 8 of Proclamation No. 7 of 1940, as amended by section 2 of Proclamation No. 29 of 1944, and section 3 of Proclamation No. 42 of 1946.

5. The following section is hereby inserted in the principal law after section *eight*:—

"Taxation of income derived from farming.

8A. The taxable income of any person carrying on pastoral, agricultural or other farming operations shall, in so far as it is derived from such operations, be determined in accordance with the provisions of this Proclamation but subject to the Second Schedule thereto."

Insertion of Section 8A in Proclamation No. 7 of 1940

Amend-  
ment of  
Section 9 of  
Proclama-  
tion No. 7  
of 1940.

6. Section *nine* of the principal law is hereby repealed and the following section substituted therefor:—

9. (1) An amount shall be deemed to have accrued to any person from a source within the Territory, whenever it has been received by or has accrued to or in favour of such person by virtue of—

(a) any contract made by such person within the Territory for the sale of goods, whether such goods have been delivered or are to be delivered in or out of the Territory;

(b) any service rendered or work or labour done by such person in the carrying on in the Territory of any trade, whether the payment for such service or work or labour is made or is to be made by a person resident in or out of the Territory and wheresoever payment for such services or work or labour is made or is to be made;

(c) any services rendered by such person to or work or labour done by such person for or on behalf of the Government of the Territory, notwithstanding that such services are rendered or that such work or labour is done outside the Territory: Provided that such services are rendered or such work or labour is done in accordance with a contract of employment entered into with that Government;

(d) any pension or annuity granted to such person, wheresoever payment of that pension or annuity is made and wheresoever the funds from which payment is made are situate, by—

(i) the Government of the the Territory; or

(ii) any person whether residing in or carrying on business in the Territory or not:

Provided that the services in respect of which that pension or annuity was granted were performed within the Territory; and provided further that if such

services were performed partly within the Territory and partly elsewhere, only a proportionate part, calculated in accordance with the ratio that the period of service within the Territory bears to the total period of service in respect of which such pension or annuity was granted, shall be deemed to be derived from a source within the Territory.

(2) Any income received by or accrued to or in favour of or deemed to have been received by or accrued to or in favour of, a woman married with or without community of property and not separated from her husband under a judicial order or written agreement of separation shall be deemed for the purposes of this Proclamation to be income accrued to her husband.

(3) Any income shall be deemed to have been received by the parent of any minor child, if by reason of any donation, settlement or other disposition made by that parent of that child—

(a) it has been received by or accrued to or in favour of, or has been deemed to have been received by or accrued to or in favour of that child or has been expended for the maintenance, education or benefit of that child; or

(b) it has been accumulated for the benefit of that child.

(4) Any income received by or accrued to or in favour of, or deemed to have been received by or accrued to or in favour of any minor child of any person, by reason of any donation, settlement or other disposition made by any other person, shall be deemed to be the income of the parent of such minor child, if such parent or his spouse has made a donation, settlement or other disposition or given some other consideration in favour directly or indirectly of the said other person or his family.

(5) If any person has made in any deed of donation, settlement or other disposition, a stipulation to the effect that the beneficiaries thereof, or some of them, shall not receive the income thereunder, or some portion of that income, until the happening of some event, whether fixed or contingent, so much of any income as would, in consequence of the donation, settlement or other disposition but for such stipulation, be received by or accrue to or in favour of or be deemed to be received by or to accrue to or in favour of the beneficiaries, shall, until the happening of that event, or the death of that person, whichever first takes place, be deemed to be the income of that person.

(6) If any deed of donation, settlement or other disposition contains any stipulation that the right to receive any income thereby conferred may, under powers retained by the person by whom that right is conferred, be revoked or conferred upon another, so much of any income as, in consequence of the donation, settlement, or other disposition, is received by or accrues to or in favour of or is deemed to be received by or to accrue to or in favour of the person on whom that right is conferred, shall be deemed to be the income of the person by whom it is conferred, so long as he retains those powers.

(7) Any amount received by or accrued to any person ordinarily resident in the Territory by way of interest upon any stocks or securities issued by any Government other than the Government of the Territory, shall if such amount is not chargeable with income tax in such country of origin, by reason of the recipient not being domiciled or resident therein, be deemed to be income derived from a source within the Territory.

(8) So much of any amount, which has been paid by any person as an allowance or advance to a director, manager, employee or other person in respect of expenses of travelling,

entertainment or other service, as the Collector is not satisfied was actually expended by the recipient on such travelling, entertainment or in the performance of such service, shall be deemed to be part of the taxable income of the recipient.”

7. Section *ten* of the principal law is hereby amended by the substitution for paragraph (a) of sub-section (1) of the following paragraph:—

“(a) the receipts and accruals (including receipts or accruals from investments) of life insurance companies and of any building society, pension fund or benefit fund, or of any institution which is, in the opinion of the Collector, a mutual savings bank, a mutual loan association or a trade union.”

Amendment of section 10 of Proclamation No. 7 of 1940, as amended by section 4 of Proclamation No. 59 of 1941, section 2 of Proclamation No. 18 of 1943, section 1 of Proclamation No. 36 of 1943, and section 4 of Proclamation No. 42 of 1946.

8. Section *thirteen* of the principal law is hereby amended—

(a) by the substitution in paragraph (d) of sub-section (1) for the words “duly established superannuation, pension, widows’ or orphans’ fund”, of the words “pension fund” and the addition, at the end of the said paragraph, of the words “Provided that the deduction to be allowed in respect of contributions to a pension fund not established by law shall not exceed the sum of one hundred pounds;”

Amendment of section 13 of Proclamation No. 7 of 1940, as amended by section 2 of Proclamation No. 2 of 1943, section 3 of Proclamation No. 20 of 1944, and section 5 of Proclamation No. 42 of 1946.

(b) by the insertion, after paragraph (e) of the said sub-section, of the following new paragraphs:—

“(d) *bis* any sum contributed by a taxpayer to any pension or benefit fund established for the benefit of the employees of such taxpayer: Provided that—

(i) in respect of annual contributions of a recurrent nature, the total deduction allowable in any year of assessment under this paragraph shall not exceed a sum equivalent to ten per cent. of the total amount of the remuneration which accrued during the year of assessment, in respect of their employment by the taxpayer, to the employees who are members of any such fund; and

(ii) in respect of a lump sum contribution, the Collector may determine that the said sum shall be deducted in a series of annual instalments, so that only a portion thereof is deducted in the year of assessment in which it is contributed, and the residue in such subsequent years of assessment, and in such proportions as the Collector may determine, until the contribution is extinguished;

(d) *ter* any amount paid by way of annuity during the year of assessment by any taxpayer—

(i) to a former employee who has retired from the taxpayer's employ on grounds of old age, ill-health or infirmity; or

(ii) to any person who is dependent for his maintenance upon a former employee or (where such former employee is deceased) was so dependent immediately prior to his death: Provided that the deduction under subparagraph (ii) shall not exceed in respect of the persons so dependent on any one retired or deceased employee the sum of three hundred pounds;”

(c) by the deletion of sub-section (2) and the substitution of the following sub-section:—

“ There shall be set off—

(a) any balance of assessed loss incurred by the taxpayer in any previous year which has been carried forward from the preceding year of assessment, provided that—

(i) no person, whose estate has been voluntarily or compulsorily sequestered, shall, unless the order of sequestration has been set aside, be entitled to carry forward any assessed loss incurred prior to the date of sequestration;

(ii) the balance of assessed loss shall be reduced by the amount or value of any benefit received by or accruing to a person resulting from a concession granted by, or a compromise made with, his creditors

whereby his liabilities to them have been reduced or extinguished, provided such liabilities arose in the ordinary course of trade;

(b) any assessed loss incurred by the taxpayer during the same year of assessment in carrying on in the Territory any other trade either alone or in partnership with others, otherwise than as a member of a company the capital whereof is divided into shares.

For the purpose of this sub-section 'assessed loss' means any amount, as established to the satisfaction of the Collector, by which the deductions admissible under this section and section *fourteen* exceeded the income in respect of which they are so admissible;" and

(d) by the addition of the following sub-section:—

"(3) There shall be included in the taxpayer's income all amounts allowed to be deducted or set off under the provisions of sub-section (1) [except paragraph (d) thereof] or sub-section (2) or the corresponding provisions of any previous Income Tax Proclamation, whether in the current or any previous year of assessment, which have been recovered or recouped during the current year of assessment."

9. Section *sixteen* of the principal law is hereby deleted.

Deletion of section 16 of Proclamation No. 7 of 1940.

10. Section *twenty-one* of the principal law is hereby amended by the addition to sub-section (1) of the following paragraph:—

Amendment of section 21 of Proclamation No. 7 of 1940.

"(g) Any dividends received by or accrued to any person during the year of assessment from sources outside the Territory;

Provided that—

~~is~~ in the case of a person who was not ordinarily resident in the Territory throughout the year of assessment, there shall not be added any dividends so received or accrued during such portion of that year as he was not so ordinarily resident,

(ii) in the case of a person who was ordinarily resident in the Territory during the year of assessment; there shall not be added any dividends so received or accrued from a company whose income has been apportioned under the income tax laws of the Union of South Africa if it is proved to the satisfaction of the Collector that such dividends were paid from income in respect of which super tax has been paid or is payable in the Union of South Africa as a result of such apportionment;”.

Amendment of section 23 of Proclamation No. 7 of 1940, as amended by section 4 of Proclamation No. 29 of 1944.

11. Section *twenty-three* of the principal law is hereby amended:—

(a) by the substitution in the marginal note for the word “abatement” of the word “rebate”; and

(b) by the substitution of a comma for the fullstop at the end of sub-section (1) and by the addition of the following words, “unless in the case of any such period, terminating at the death of the taxpayer, or commencing at the death of the spouse of the taxpayer, the Collector, in the special circumstances of the case, otherwise directs.”

Amendment of section 23 of Proclamation No. 7 of 1940.

12. Section *twenty-eight* of the principal law is hereby amended by the deletion—

(a) in the second line of sub-section (1) of the words “in the prescribed manner”; and

(b) in the last line of sub-section (7) of the words “or publicly notified” and the substitution therefor of the words “by the Collector”.

Amendment of section 28A of Proclamation No. 7 of 1940, as amended by section 6 of Proclamation No. 42 of 1946.

13. Section *twenty-eight A* of the principal law is hereby amended by the substitution in sub-section (1) for the words “together with such balance sheet, statement or account” of the words “if the Collector so requires”.

Insertion of section 28B in Proclamation No. 7 of 1940.

14. The following section is hereby inserted in the principal law after section *twenty-eight A*:—

“Collector may prescribe forms. 28B. All forms of returns and other forms required for the administration of this Proclamation shall be in such form as may be prescribed by the Collector from time to time.”

15. Section *thirty-three* of the principal law is hereby amended by the substitution in sub-section (1) after the word "year" in the fifth last line of a fullstop for the comma and the deletion of the remaining words of the said sub-section.

Amendment of section 33 of Proclamation No. 7 of 1940, as amended by section 9 of Proclamation No. 42 of 1940.

16. Section *thirty-seven* of the principal law is hereby amended by the deletion in sub-section (3) of the words "shall be in the form prescribed, and" and of the words "in a registered letter or envelope".

Amendment of section 37 of Proclamation No. 7 of 1940.

17. Section *fifty-three* of the principal law is hereby amended by the substitution in the first line of sub-section (2) of the word "seven" for the word "six".

Amendment of section 53 of Proclamation No. 7 of 1940.

18. Section *sixty-five* of the principal law is hereby amended by the deletion of paragraph (c) and the substitution of the following:—

Amendment of section 65 of Proclamation No. 7 of 1940.

"(c) prescribing the nature of the accounts to be rendered by any taxpayer in support of any returns rendered under this Proclamation and the manner in which such accounts shall be authenticated;"

19. Section *sixty-six* of the principal law is hereby amended by—

Amendment of Section 66 of Proclamation No. 7 of 1940.

(a) the insertion after the definition of "asset", of the following definitions:—

"assessment" means—

(a) the determination of an amount upon which any tax leviable under this Proclamation is chargeable; or

(b) the determination of any loss ranking for set-off;

and includes, for the purposes of Part III of Chapter III, any determination by the Collector in respect of any of the deductions referred to in section *seven*.

"benefit fund" means any fund (other than a pension fund as defined in this section) which, in respect of the year of assessment in question, the Collector is satisfied is a permanent fund bona fide established for the purpose of providing sickness, accident or unemployment benefits for its members or for providing benefits for the widows, children, dependants or nominees of deceased members and includes any fund which would, but for the fact that it does not provide for

the payment of annuities on the retirement of its members, be approved under the definition of 'pension fund' in this section;"

(b) the insertion after the definition of "company" of the following definitions:—

" 'dependent' in relation to any taxpayer, means—

(a) any person incapacitated by old age, infirmity or any other reason satisfactory to the Collector from maintaining himself; and

(b) any child (other than the child or step-child of such taxpayer) under the age of eighteen years on the last day of the year of assessment,

towards whose maintenance the taxpayer has expended in cash or otherwise during the year of assessment not less than thirty pounds;

" 'married person' means any person who—

(a) during any portion of the period in respect of which the assessment is made was married or was a widower or a widow; or

(b) during the whole of such a period was divorced or separated under a judicial order or written agreement, provided such person is entitled to the deduction in respect of a child under sub-paragraph (ii) of paragraph (b) of sub-section (1) of section seven;

" 'pension fund' means a superannuation, pension, provident, widows' or orphans' fund established by law and any such fund not established by law which is approved by the Collector in respect of the year of assessment in question:

Provided that the Collector may approve a fund subject to such limitations or conditions as he may determine, and shall not approve a fund unless, in respect of the year of assessment in question, he is satisfied that—

(1) the fund is a permanent fund bona fide established for the purpose of providing annuities for employees on retirement from employment, or mainly for the said purpose and also for the purpose of providing benefits other

than annuities for employees or benefits for widows, children, dependants or nominees of deceased employees; and

(2) the rules of the fund provide—

(i) that the employer and every member of the fund shall contribute to the fund in accordance with specified scales;

(ii) that membership of the fund throughout the period of employment shall be a condition of the employment by the employer of all persons of the class or classes specified therein who enter his employment on or after the date upon which the fund comes into operation;

(iii) that persons who immediately prior to the said date were employed by the employer and who on the said date fall within the said class or classes may, on application made within a period of not more than twelve months as from the said date, be permitted to become members of the fund on such conditions as may be specified in the rules;

(iv) that not more than one-third of the total value of the annuity or annuities to which any employee becomes entitled may be commuted for a single payment except where the annual amount of such annuity or annuities does not exceed thirty pounds;

(v) for the administration of the fund in such manner as to preclude the employer, except in the case of the Government of the Territory, from controlling the management or assets of the fund, and from deriving any monetary advantage from moneys paid into or out of the fund; and

(vi) that the Collector shall be notified of all amendments of the rules; and

(3) the rules of the fund have been complied with;

(c) by the insertion after the definition of "taxpayer" of the following definition—

“‘trade’ includes every profession, trade, business, employment, calling, occupation or venture including the letting of any property.”

Commence- 20. The amendments effected by the provi-  
ment of sions of this Proclamation shall first take effect  
amend- in respect of assessments for the year of assess-  
ments. ment ended upon the thirtieth day of June,  
1948.

Short title. 21. This Proclamation shall be cited as the  
Bechuanaland Protectorate Income Tax  
Proclamation, 1948.

GOD SAVE THE KING.

Given under my Hand and Seal at Pretoria on this  
Fifteenth day of November, One thousand Nine  
hundred and Forty-eight.

WALTER HARRAGIN,  
High Commissioner.

By Command of His Excellency  
the High Commissioner.

H. E. PRIESTMAN,  
Administrative Secretary.

#### SECOND SCHEDULE.

(SECOND SCHEDULE TO PROCLAMATION NO. 7 OF 1940.)

*Computation of Taxable Income Derived from Pas-  
toral, Agricultural or other Farming Operations  
(Section eight A of this Proclamation).*

1. In this Schedule, a reference to the end of a year  
of assessment includes, where the period assessed is  
less than twelve months, a reference to the end of the  
period assessed.

2. Every farmer (other than a company which com-  
menced or recommenced farming operations on or  
after the first day of July, 1943), who was carrying  
on farming operations as at the thirtieth day of June,  
1947, and who has not in respect of such farming  
operations previously exercised an option whether the  
values of livestock and produce held by him and not  
disposed of at the beginning and end of each year of  
assessment shall or shall not be taken into account  
in the determination of the taxable income derived by  
him from such farming operations shall be entitled to  
exercise such option.

*Farmers who do not take into Account the Values of  
Livestock and Produce.*

3. Subject to such adjustment as the Collector may  
seem to be fair and reasonable in respect of the value  
of any livestock or produce held by any farmer on the  
thirtieth day of June, 1922, or the date upon which  
he commenced farming operations, whichever date is  
the later, every farmer who prior to the thirtieth day  
of June, 1947, had elected or who after that date is

entitled to and does elect not to take into account the values of livestock and produce, shall be chargeable in each year of assessment in respect of all amounts whatsoever for which livestock or produce have been disposed of by him or on his behalf during that year of assessment, including the cost to him of livestock or produce donated by him to any other person, together with such other expenditure incurred by him in connection with the livestock or produce so donated as may have been allowed to him as a deduction in the determination of his taxable income, whether in the current or any previous year of assessment, under the provisions of this or any previous Income Tax Proclamation.

4. (1) In the determination of the taxable income of any farmer to whom the provisions of paragraph 3 apply, there shall be allowable as a deduction so much of any expenditure incurred by him in the purchase of livestock in any year of assessment as does not exceed the gross income derived by him in that year of assessment from farming operations.

(2) Any amount by which the expenditure so incurred exceeds the gross income derived by any such farmer from farming operations in any year of assessment shall be carried forward to the succeeding year or years of assessment and shall, to the extent to which the gross income derived from farming operations in any year of assessment exceeds the expenditure incurred in the purchase of livestock in that year, be allowed as a deduction until the said amount by which the expenditure exceeds the gross income has been extinguished.

5. Every farmer to whom the provisions of paragraph 3 apply shall furnish to the Collector at any time when the Collector so requires a statement setting out to the best of his knowledge and belief the value of the livestock and produce held by him on the thirtieth day of June, 1922, or the date upon which he commenced farming operations, whichever is the later date.

*Farmers who take into Account the Values of  
Livestock and Produce.*

6. Every farmer, other than a farmer who has exercised the option not to take into account the values of his livestock and produce, shall include in his return rendered for income tax purposes the value of all livestock or produce held and not disposed of at the beginning and end of each year of assessment.

7. (1) Subject to the provisions of sub-paragraphs (2) and (3) the value of livestock (reduced as provided in paragraph 9) or produce held and not disposed of at the end of the year of assessment shall be included in income for such year of assessment, and there shall be

allowed as a deduction from such income the value of livestock or produce, as determined in accordance with the provisions of paragraph 8, held and not disposed of at the beginning of the year of assessment.

(2) For the purposes of sub-paragraph (1), the value of livestock (reduced as provided in paragraph 9) or produce held and not disposed of at the end of any year of assessment by any person who discontinued farming operations during such year, shall be included in his income for such year.

8. The values of livestock and produce held and not disposed of at the beginning of the year of assessment shall, subject to the provisions of paragraph 10, be deemed to be—

(a) in the case of a farmer who was carrying on farming operations on the last day of the year immediately preceding such year of assessment—

(i) the values of livestock (reduced as provided in paragraph 9) and produce held and not disposed of by him at the end of the year immediately preceding such year of assessment; together with

(ii) such value as the Collector may allow in respect of livestock or produce acquired by such farmer during the year of assessment otherwise than by purchase or natural increase or in the ordinary course of farming operations; and

(b) in the case of any person commencing or recommencing farming operations during the year of assessment—

(i) the value of any livestock or produce held and not disposed of by him at date of such commencement or recommencement if the cost of such livestock or produce has not previously been allowed as a deduction, or would have been allowed as a deduction if he had rendered income tax returns, in the determination of his taxable income; together with

(ii) such value as the Collector may allow in respect of livestock or produce acquired by such person during the year of assessment otherwise than by purchase or natural increase or in the ordinary course of farming operations.

9. (1) The value of the livestock held at the beginning and end of the year of assessment by any farmer (other than a company which commenced or recommenced farming operations on or after the first day of July, 1943), shall, subject to sub-paragraph (2), be reduced by such an amount as in the opinion of the Collector is fair and reasonable having regard to the risk of mortality of such livestock.

(2) No such reduction shall be made from the value in terms of paragraph 8 of livestock held and not disposed of—

(a) at the beginning of any year of assessment in which farming is commenced or recommenced; or

(b) at the beginning of any year of assessment in respect of which a farmer in terms of sub-paragraph (1) of paragraph 11 is first permitted to take into account the value of livestock held and not disposed of at the beginning and end of each year of assessment.

10. If livestock or produce has been donated by any farmer during any year of assessment, the value (reduced as provided in paragraph 9) of the livestock or produce held by him at the beginning of that year of assessment, shall be reduced by the cost to him of the livestock or produce so donated, together with such other expenditure incurred by him in connection with such livestock or produce as may have been allowed to him as a deduction in the determination of his taxable income, whether in the current or any previous year of assessment under the provisions of this or any previous Income Tax Proclamation.

11. (1) Any farmer who has elected not to take into account the values of his livestock or produce shall be permitted to adopt the alternative method.

(2) There shall be included in the income of any farmer who has so adopted the alternative method, in respect of each year of assessment—

(a) the value of livestock (reduced as provided in paragraph 9) or produce held and not disposed of at the end of that year of assessment;

(b) so much of the value, as determined by the Collector in terms of paragraph 16, of the produce held and not disposed of by such farmer at the beginning of the year of assessment in respect of which he is first permitted to take into account the value of his produce, as does not exceed the sale price of produce disposed of by him during the year in respect of which the assessment is made, until the amounts so included are in the aggregate equal to the value, as so determined, of the produce held by him at such beginning;

(c) so much of the value of livestock held and not disposed of by him at the beginning of the year of assessment in respect of which he is first permitted to take into account the value of livestock, as does not exceed the value in terms of paragraph 12 of livestock sold during the year in respect of which the assessment is made (or twenty per cent. of the last-mentioned value in respect of the year of assessment ending on the thirtieth day of June, 1948, if

it appears to the Collector that the livestock has been sold solely on account of conditions of drought or disease), until the amounts so included are in the aggregate equal to the amount by which the value of the livestock held and not disposed of by such farmer at such beginning, exceeds the total of—

(i) any expenditure incurred by him in the purchase of livestock which has not been allowed as a deduction in previous years under the provisions of paragraph 4 or any corresponding provision; and

(ii) the value of any livestock held and not disposed of by such farmer on the thirtieth day of June, 1922, or on the date upon which he commenced or recommenced farming operations, whichever date is the later.

12. The value to be placed upon livestock (other than livestock acquired by purchase for stud purposes) for the purposes of this Schedule shall be—

(a) in the case of livestock acquired by a farmer other than a company which commenced or recommenced farming operations on or after the first day of July, 1943—

(i) if acquired by purchase, either the purchase price paid or the standard value applicable to the livestock; or

(ii) if acquired otherwise than by purchase, the standard value applicable to the livestock;

(b) in the case of livestock acquired by a company which commenced or recommenced farming operations on or after the first day of July, 1943—

(i) if acquired by purchase, either the purchase price paid or the price which in the opinion of the Collector is the current market price of the livestock; or

(ii) if acquired otherwise than by purchase, the price which in the opinion of the Collector is the current market price of the livestock.

13. The standard value applicable to any class of livestock shall be—

(a) the standard value as fixed by regulation made under any previous Proclamation for that class of livestock; or

(b) such standard value as may be fixed by regulation under this Proclamation; or

(c) in the case of any farmer who may have adopted any standard value under the provisions of paragraph (c) of sub-section (9) of section *ten* of the

Income Tax Proclamation, No. 70 of 1922, or of paragraph (c) of sub-section (8) of section *eight* of the Income Tax Proclamation, No. 7 of 1940, the standard value so adopted in respect of such class of livestock; or

(d) in the case of any farmer rendering his first return in respect of farming operations after the commencement of this Proclamation or including in a return under this Proclamation such a class of livestock for the first time, either the standard value as fixed by regulation having effect in respect of the period for which his return is rendered or such standard value as he may adopt for that class of livestock, at the option of such farmer.

14. The exercise of the option under sub-paragraph (d) of paragraph 13 shall be binding upon the farmer in respect of all subsequent returns for income tax purposes and no standard value fixed by any farmer whether under this Proclamation or any previous Proclamation may be varied by him in respect of any subsequent year of assessment, save with the consent and approval of the Collector and upon such terms as the Collector may require.

15. The value to be placed upon livestock acquired by purchase for stud purposes shall be the purchase price paid for that livestock.

16. The value to be placed upon produce included in any return shall be such fair and reasonable value as the Collector may fix.

*Provisions relating to all Farmers.*

17. (1) Subject to the provisions of sub-paragraphs (2) and (3), there shall be allowable as deductions in the determination of the taxable income derived by any farmer, the expenditure incurred by him during the year of assessment in respect of—

- (a) dipping tanks;
- (b) dams, water-furrows, wells, boreholes and pumping plants;
- (c) fences;
- (d) the eradication of noxious plants;
- (e) the prevention of soil erosion;
- (f) the erection of buildings used in connection with farming operations other than those used for domestic purposes;
- (g) the establishment of orchards and vineyards.

(2) No deduction under paragraphs (c) and (f) of sub-section (1) of section *thirteen* of this Proclamation shall be allowed in respect of any machinery, articles or plant for which a deduction under sub-paragraph (1) of this paragraph has been allowed.

(3) The total amount allowable as deductions to any farmer under sub-paragraph (1) in any year of assessment shall not exceed an amount equal to thirty per cent. of the gross income derived by him from farming operations during that year of assessment.