REPUBLIC OF SOUTH AFRICA

TAXATION LAWS AMENDMENT BILL

(As introduced in the National Assembly (proposed section 77))
(The English text is the official text of the Bill)

(MINISTER OF FINANCE)

[B 18—2019]

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GENERAL EXPLANATORY NOTE:

[ ] Words in bold type in square brackets indicate omissions from existing enactments.

__________ Words underlined with a solid line indicate insertions in existing enactments.

BILL

To amend the Estate Duty Act, 1955, so as to amend certain provisions; to amend the Income Tax Act, 1962, so as to amend certain provisions; to make new provision; to repeal certain provisions; to amend the Customs and Excise Act, 1964, so as to make provision for continuations; to amend the Value-Added Tax Act, 1991, so as to amend certain provisions; to make new provision; to amend the Securities Transfer Tax Act, 2007, so as to amend certain provisions; to amend the Employment Tax Incentive Act, 2013, so as to amend certain provisions; to amend the Taxation Laws Amendment Act, 2013, so as to amend certain provisions; to amend the Taxation Laws Amendment Act, 2015, so as to amend a certain provision; to amend the Taxation Laws Amendment Act, 2016, so as to amend a provision; to amend the Taxation Laws Amendment Act, 2018 so as to amend certain provisions; to amend the Carbon Tax Act, 2019, so as to amend certain provisions, amend a schedule and substitute a schedule; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Amendment of section 3 of Act 45 of 1955, as amended by section 2 of Act 65 of 1960, section 8 of Act 77 of 1964, section 2 of Act 81 of 1965, section 4 of Act 92 of 1971, section 3 of Act 89 of 1972, section 3 of Act 102 of 1979, section 10 of Act 106 of 1980, section 2 of Act 92 of 1983, section 4 of Act 81 of 1985, section 9 of Act 87 of 1988, section 7 of Act 97 of 1993, section 6 of Act 27 of 1997, section 13 of Act 30 of 1998, section 7 of Act 30 of 2000, section 5 of Act 31 of 2005, section 2 of Act 60 of 2008, section 3 of Act 25 of 2015 and section 1 of Act 17 of 2017

1. (1) Section 3 of the Estate Duty Act, 1955, is hereby amended by the substitution in subsection (2) for paragraph (*b*A) of the following paragraph:

"*(b*A*)* so much of the amount of any contribution made by the deceased in consequence of membership or past membership of any pension fund, provident fund, or retirement annuity fund, as was **[not]** allowed as a deduction in terms of **[section 11*(k)*, section 11*(n)* or section 11F of the Income Tax Act, 1962 (Act No. 58 of 1962), or]** paragraph **[2]** 5 of the Second Schedule to **[that Act]** the Income Tax Act, 1962 (Act No. 58 of 1962), **[or, as was not exempt in terms of section 10C of that Act in determining]** to determine the taxable **[income as defined in section 1 of that Act, of the deceased]** portion of the lump sum benefit that is deemed to have accrued to the deceased immediately prior to his or her death;".

(2) Subsection (1) is deemed to have come into operation on 30 October 2019 and applies in respect of—

(a) the estate of a person who dies on or after that date; and

(b) any contributions made on or after 1 March 2016.

Amendment of section 1 of Act 58 of 1962, as amended by section 3 of Act 90 of 1962, section 1 of Act 6 of 1963, section 4 of Act 72 of 1963, section 4 of Act 90 of 1964, section 5 of Act 88 of 1965, section 5 of Act 55 of 1966, section 5 of Act 76 of 1968, section 6 of Act 89 of 1969, section 6 of Act 52 of 1970, section 4 of Act 88 of 1971, section 4 of Act 90 of 1972, section 4 of Act 65 of 1973, section 4 of Act 85 of 1974, section 4 of Act 69 of 1975, section 4 of Act 103 of 1976, section 4 of Act 113 of 1977, section 3 of Act 101 of 1978, section 3 of Act 104 of 1979, section 2 of Act 104 of 1980, section 2 of Act 96 of 1981, section 3 of Act 91 of 1982, section 2 of Act 94 of 1983, section 1 of Act 30 of 1984, section 2 of Act 121 of 1984, section 2 of Act 96 of 1985, section 2 of Act 65 of 1986, section 1 of Act 108 of 1986, section 2 of Act 85 of 1987, section 2 of Act 90 of 1988, section 1 of Act 99 of 1988, Government Notice R780 of 1989, section 2 of Act 70 of 1989, section 2 of Act 101 of 1990, section 2 of Act 129 of 1991, section 2 of Act 141 of 1992, section 2 of Act 113 of 1993, section 2 of Act 21 of 1994, Government Notice 46 of 1994, section 2 of Act 21 of 1995, section 2 of Act 36 of 1996, section 2 of Act 28 of 1997, section 19 of Act 30 of 1998, Government Notice 1503 of 1998, section 10 of Act 53 of 1999, section 13 of Act 30 of 2000, section 2 of Act 59 of 2000, section 5 of Act 5 of 2001, section 3 of Act 19 of 2001, section 17 of Act 60 of 2001, section 9 of Act 30 of 2002, section 6 of Act 74 of 2002, section 33 of Act 12 of 2003, section 12 of Act 45 of 2003, section 3 of Act 16 of 2004, section 3 of Act 32 of 2004, section 3 of Act 32 of 2005, section 19 of Act 9 of 2006, section 3 of Act 20 of 2006, section 3 of Act 8 of 2007, section 5 of Act 35 of 2007, section 2 of Act 3 of 2008, section 4 of Act 60 of 2008, section 7 of Act 17 of 2009, section 6 of Act 7 of 2010, section 7 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 23 of Schedule 1 to that Act, section 2 of Act 22 of 2012, section 4 of Act 31 of 2013, section 1 of Act 43 of 2014, section 3 of Act 25 of 2015, section 5 of Act 15 of 2016, section 2 of Act 17 of 2017 and section 1 of Act 23 of 2018

2. (1) Section 1 of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subsection (1) in the definition of ''dividend'' for subparagraph (iii) of the following subparagraph:

''(iii) constitutes an acquisition by the company of its own securities by way of a general repurchase of securities as contemplated in subparagraph *(b)* of paragraph 5.67(B) of section 5 of the JSE Limited Listings Requirements, where that acquisition complies with any applicable requirements prescribed by paragraphs 5.68 and 5.72 to 5.81 of section 5 of the JSE Limited Listings Requirements or a general repurchase of securities as contemplated in the listings requirements of any other exchange, licenced under the Financial Markets Act, that are substantially the same as the requirements prescribed by the JSE Limited Listings Requirements, where that acquisition complies with the applicable requirements of that exchange;'';

(b) by the substitution in subsection (1) for the definition of ''domestic treasury management company'' of the following definition:

'' **'domestic treasury management company'** means a company—

(a) that is incorporated or deemed to be incorporated—

(i) by or under any law in force in the Republic and is not subject to exchange control restrictions by virtue of being registered with the financial surveillance department of the South African Reserve Bank; or

(ii) by or under the law of any country other than the Republic and is not subject to exchange control restrictions by virtue of being registered before 1 January 2019 with the financial surveillance department of the South African Reserve Bank; and

(b) that has its place of effective management in the Republic;'';

(c) by the substitution in subsection (1) in the definition of ''gross income'' in paragraph *(n)* for the words and subparagraphs preceding the proviso of the following words:

''any amount which in terms of any other provision of this Act is specifically required to be included in the taxpayer's income and that amount must **[—**

(i)] for the purposes of this paragraph be deemed to have been received by or to have accrued to the taxpayer; **[and**

(ii) in the case of any amount required to be included in the taxpayer's income in terms of section 8(4), be deemed to have been received or accrued from a source within the Republic notwithstanding that such amounts may have been recovered or recouped outside the Republic:]'';

(d) by the substitution in subsection (1) in the definition of ''identical share'' for paragraph *(b)* of the following paragraph:

''*(b)* any other share that is substituted for a listed share in terms of an arrangement that is announced and released as a corporate action as contemplated in the JSE Limited Listings Requirements in the SENS (Stock Exchange News Service) as defined in the JSE Limited **[Listing]** Listings Requirements or a corporate action as contemplated in the listings requirements of any other exchange, licenced under the Financial Markets Act, that are substantially the same as the requirements prescribed by the JSE Limited Listings Requirements, where that corporate action complies with the applicable requirements of that exchange;'';

(e) by the substitution in subsection (1) in the proviso to the definition of ''provident fund'' for paragraph *(b)* of the following paragraph:

''*(b)* that the rules of the fund—

(i) contain provisions similar in all respects to those required to be contained in the rules of a pension fund in terms of subparagraphs *(aa)*, *(bb)*, *(cc)*, *(ee)* and *(ff)* of paragraph (ii) of the proviso to paragraph *(c)* in the definition of ''pension fund''; **[and]**

(ii) may provide for an employee who elects to transfer the withdrawal interest to a pension fund established by the same employer or a pension fund in which that employer participates; and

(iii) may provide for the employee to elect to transfer the retirement interest to a pension preservation fund, provident preservation fund or retirement annuity fund; and'';

(f) by the substitution in subsection (1) in paragraph *(b)* of the definition of REIT for subparagraph (ii) of the following subparagraph:

''(ii) as shares in a REIT as defined in the listing requirements of an exchange approved in consultation with the Minister and published by the **[Prudential Authority]** appropriate authority, as **[defined]** contemplated in section 1 of the Financial Markets Act, in terms of section 11 of that Act;'';

(g) by the substitution in subsection (1) in the definition of ''return of capital'' for paragraph (ii) of the following paragraph:

''(ii) an acquisition by the company of its own securities by way of a general repurchase of securities as contemplated in subparagraph *(b)* of paragraph 5.67(B) of section 5 of the JSE Limited Listings Requirements, where that acquisition complies with any applicable requirements prescribed by paragraphs 5.68 and 5.72 to 5.81 of section 5 of the JSE Limited Listings Requirements or by way of a general repurchase of securities as contemplated in the listings requirements of any other exchange, licenced under the Financial Markets Act, that are substantially the same as the requirements prescribed by the JSE Limited Listings Requirements, where that acquisition complies with the applicable requirements of that exchange;''; and *(h)* by the substitution in subsection (1) for the definition of ''withdrawal interest'' of the following definition:

'' **'withdrawal interest'** means the value of the member's share of the pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund value, as determined in terms of the rules of the fund **[, immediately prior to the date on which the member becomes entitled to a benefit from that fund because of an event other than the member attaining normal retirement age, as determined by the rules of the fund]** on the date on which the member elects to withdraw due to an event other than the member attaining normal retirement age;''.

(2) Paragraphs *(e)* and *(h)* of subsection (1) are deemed to have come into operation on 1 March 2019.

Amendment of section 7B of Act 58 of 1962, as inserted by section 8 of Act 22 of 2012

3. (1) Section 7B of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in the definition of ''variable remuneration'' in subsection (1) for paragraph *(b)* of the following paragraph:

''*(b)* an allowance or advance paid in respect of transport expenses as contemplated in section 8 (1)*(b)*(ii) or (iii); **[or]**''; and

(b) by the addition in the definition of ''variable remuneration'' in subsection (1) after paragraph *(c)* of the following paragraphs—

''*(d)* any night shift allowance;

(e) any standby allowance; or

(f) any amount paid or granted in reimbursement of any expenditure as contemplated in section 8(1)*(a)*(ii);''.

(2) Subsection (1) comes into operation on 1 March 2020 and applies in respect of amounts accrued or expenditure incurred on or after that date.

Amendment of section 7C of Act 58 of 1962, as inserted by section 12 of Act 15 of 2016 and amended by section 5 of Act 17 of 2017 and section 9 of Act 23 of 2018

4. Section 7C of the Income Tax Act, 1962, is hereby amended by the substitution for the heading of the following heading:

''**Loan, advance or credit [advanced] granted to [a] trust by [a] connected person**.''.

Substitution of section 7F of Act 58 of 1962, as inserted by section 11 of Act 23 of 2018

5. The following section is hereby substituted for section 7F of the Income Tax Act, 1962:

''**Deduction of interest repaid to SARS**

7F. In determining the taxable income derived by any person during a year of assessment, any amount of interest paid by SARS to that person under a tax Act and deemed to have accrued to that person in terms of section 7E that has to be repaid by that person to SARS, to the extent that the amount of interest is or was included in the taxable income of that person, must be deducted from that person's **[taxable]** income in the year of assessment during which that amount is repaid to SARS.''.

Amendment of section 8 of Act 58 of 1962, as amended by section 6 of Act 90 of 1962, section 6 of Act 90 of 1964, section 9 of Act 88 of 1965, section 10 of Act 55 of 1966, section 10 of Act 89 of 1969, section 6 of Act 90 of 1972, section 8 of Act 85 of 1974, section 7 of Act 69 of 1975, section 7 of Act 113 of 1977, section 8 of Act 94 of 1983, section 5 of Act 121 of 1984, section 4 of Act 96 of 1985, section 5 of Act 65 of 1986, section 6 of Act 85 of 1987, section 6 of Act 90 of 1988, section 5 of Act 101 of 1990, section 9 of Act 129 of 1991, section 6 of Act 141 of 1992, section 4 of Act 113 of 1993, section 6 of Act 21 of 1994, section 8 of Act 21 of 1995, section 6 of Act 36

of 1996, section 6 of Act 28 of 1997, section 24 of Act 30 of 1998, section 14 of Act 53 of 1999, section 17 of Act 30 of 2000, section 6 of Act 59 of 2000, section 7 of Act 19 of 2001, section 21 of Act 60 of 2001, section 12 of Act 30 of 2002, section 11 of Act 74 of 2002, section 18 of Act 45 of 2003, section 6 of Act 32 of 2004, section 4 of Act 9 of 2005, section 21 of Act 9 of 2006, section 5 of Act 20 of 2006, section 6 of Act 8 of 2007, section 9 of Act 35 of 2007, sections 1 and 5 of Act 3 of 2008, section 9 of Act 60 of 2008, section 11 of Act 17 of 2009, section 10 of Act 7 of 2010, section 16 of Act 24 of 2011, section 271 of Act 28 of 2011, read with paragraph 30 of Schedule 1 to that Act, section 9 of Act 22 of 2012, section 9 of Act 31 of 2013, section 5 of Act 42 of 2014, section 5 of Act 43 of 2014, section 8 of Act 25 of 2015 and section 8 of Act 17 of 2017

6. Section 8 of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subsection (1)*(a)* for the words preceding subparagraph *(aa)* of the following words:

“There shall be included in the taxable income of any person (hereinafter referred to as the ‘recipient’) for any year of assessment any amount which has been paid or granted during that year by his or her principal as an allowance or advance, excluding any portion of any allowance or advance to the extent that allowance or advance or a portion of the allowance or advance is exempt from normal tax under section 10(1) or has actually been expended by that recipient—”;

(b) by the addition in subsection (1)*(b)* to subparagraph (ii) of the following proviso:

“: Provided that where an allowance or advance is deemed to have accrued under section 7B to the recipient in the year of assessment during which that allowance or advance is paid, the distance travelled for business purposes in respect of which that allowance or advance is received shall be deemed to have been travelled during the year in which that allowance or advance is paid;”;

(c) by the addition in subsection (1)*(b)* to subparagraph (iii) of the following proviso:

“: Provided that where an allowance or advance is deemed to have accrued under section 7B to the recipient in the year of assessment during which that allowance or advance is paid, the distance travelled for business purposes in respect of which that allowance or advance is received shall be deemed to have been travelled during the year in which that allowance or advance is paid;”; and

(d) by the deletion in subsection (4)*(k)* after subparagraph (ii) of the word “or”, the substitution after subparagraph (iii) for the comma of the expression “; or” and the addition of the following subparagraph:

“(iv) commenced to hold any asset as trading stock which was previously not held as trading stock,”.

Amendment of section 8B of Act 58 of 1962, as inserted by section 6 of Act 104 of 1980 and amended by section 6 of Act 121 of 1984, section 6 of Act 101 of 1990, section 8 of Act 32 of 2004, section 11 of Act 31 of 2005, section 6 of Act 20 of 2006, section 10 of Act 35 of 2007, section 10 of Act 60 of 2008, section 11 of Act 7 of 2010, section 18 of Act 24 of 2011 and section 9 of Act 17 of 2017

7. Section 8B of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (3) in the definition of “broad-based employee share plan” for paragraph *(a)* of the following paragraph:

“*(a)* equity shares in that employer, or in a company that is an associated institution as defined in the Seventh Schedule in relation to the employer are acquired by employees of that employer**[, for consideration which does not exceed the minimum consideration required by the Companies Act]**;”.

Amendment of section 8E of Act 58 of 1962, as inserted by section 6 of Act 70 of 1989 and amended by section 19 of Act 45 of 2003, section 9 of Act 32 of 2004, section 7 of Act 8 of 2007, section 13 of Act 7 of 2010, section 20 of Act 24 of 2011, section 10 of Act 22 of 2012, section 14 of Act 15 of 2016 and section 12 of Act 23 of 2018

8. (1) Section 8E of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subsection (1) in paragraph *(a)* of the definition of ''hybrid equity instrument'' for subparagraphs (i) and (ii) of the following subparagraphs:

''(i) the issuer of that share is obliged to redeem that share **[in whole or in part]** or to distribute an amount determined with reference to the issue price of that share; or

(ii) **[that share may at the option of the holder be redeemed in whole or in part]** the holder of that share may exercise an option in terms of which the issuer must redeem that share or distribute an amount determined with reference to the issue price of that share,'';

(b) by the substitution in subsection (1) in paragraph *(b)*(i) of the definition of ''hybrid equity instrument'' for items *(aa)* and *(bb)* of the following items:

''*(aa)* the issuer of that share is obliged to redeem that share **[in whole or in part]** or distribute an amount determined with reference to the issue price of that share within a period of three years from the date of issue of that share;

(bb) **[that share may at the option of the holder be redeemed in whole or in part]** the holder of that share may exercise an option in terms of which the issuer must redeem that share or distribute an amount determined with reference to the issue price of that share within a period of three years from the date of issue of that share; or'';

(c) by the substitution in subsection (1) for paragraph *(e)* of the definition of ''hybrid equity instrument'' of the following paragraph:

''*(e)* any equity instrument, other than an equity instrument contemplated in paragraph *(d)*, if that equity instrument is subject to a right or arrangement that would have constituted a right **[of redemption]** or security arrangement contemplated in paragraph *(a)*, *(b)* or *(c)* had that right or arrangement applied in respect of the share with reference to which the value of that equity instrument is directly or indirectly determined;''; and

(d) by the insertion in subsection (1) after the definition of ''hybrid equity instrument'' of the following definition:

'' **'issue price'** in relation to a share in a company means the amount that was received by or that accrued to that company in respect of the issue of that share;''.

(2) Subsection (1) is deemed to have come into operation on 21 July 2019 and applies in respect of years of assessment ending on or after that date.

Amendment of section 8EA of Act 58 of 1962, as inserted by section 12 of Act 22 of 2012 and amended by section 11 of Act 31 of 2013, section 7 of Act 43 of 2014, section 15 of Act 15 of 2016, section 10 of Act 17 of 2017 and section 13 of Act 23 of 2018

9. Section 8EA of the Income Tax Act, 1962, is hereby amended—

(a) by the deletion in subsection (1) of the definition of ''enforcement obligation'';

(b) by the substitution in subsection (1) for the definition of ''third-party backed share'' of the following definition:

'' **'third-party backed share'** means any preference share or equity instrument in respect of which an enforcement right is exercisable by the holder of that preference share or equity instrument **[or an enforcement obligation is enforceable]** as a result of any amount of any specified dividend, foreign dividend, return of capital or foreign return of capital attributable to that share or equity instrument not being received by or accruing to any person entitled thereto;'';

(c) by the substitution in subsection (3) for paragraph *(a)* of the following paragraph:

''*(a)* Where the funds derived from the issue of a preference share were applied for a qualifying purpose, in determining whether**[—**

(i)] an enforcement right is exercisable in respect of that share, no regard must be had to any arrangement in terms of which the holder of that share has an enforcement right in respect of that share and that right is exercisable**[; or**

(ii) an enforcement obligation is enforceable in respect of that share, no regard must be had to any arrangement in terms of which that obligation is enforceable],

against the persons contemplated in paragraph *(b)*.''; and

(d) by the substitution in subsection (3)*(b)* for subparagraph (vii) of the following subparagraph:

''(vii) any person that holds equity shares in an issuer contemplated in subparagraph (ii) if the enforcement right exercisable **[or enforcement obligation enforceable]** against that person is limited to any rights in and claims against that issuer that are held by that person.''.

Amendment of section 9D of Act 58 of 1962, as inserted by section 9 of Act 28 of 1997 and amended by section 28 of Act 30 of 1998, section 17 of Act 53 of 1999, section 19 of Act 30 of 2000, section 10 of Act 59 of 2000, section 9 of Act 5 of 2001, section 22 of Act 60 of 2001, section 14 of Act 74 of 2002, section 22 of Act 45 of 2003, section 13 of Act 32 of 2004, section 14 of Act 31 of 2005, section 9 of Act 20 of 2006, sections 9 and 96 of Act 8 of 2007, section 15 of Act 35 of 2007, section 8 of Act 3 of 2008, section 13 of Act 60 of 2008, section 12 of Act 17 of 2009, sections 16 and 146 of Act 7 of 2010, section 25 of Act 24 of 2011, sections 14 and 156 of Act 22 of 2012, section 19 of Act 31 of 2013, section 12 of Act 43 of 2014, section 13 of Act 25 of 2015, section 20 of Act 15 of 2016, section 15 of Act 17 of 2017 and section 18 of Act 23 of 2018

10. (1) Section 9D of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subsection (1) in the definition of ''controlled foreign company'' for the word ''and'' after paragraph *(a)* of the word ''or'';

(b) by the substitution in subsection (1) in the definition of ''controlled foreign company'' for paragraph *(b)* of the following paragraph:

''*(b)* any foreign company where the financial results of that foreign company are reflected in the consolidated financial statements, as contemplated in IFRS 10, of any company that is a resident, other than a headquarter company;'';

(c) by the substitution in subsection (2)*(b)*(ii) of the following subparagraph:

''(ii) the proportional amount determined in the manner contemplated in paragraph *(a)*(i) **[(as if the day that foreign company ceased to be a controlled foreign company was the last day of its foreign tax year),]** of the net income of that company determined for the period commencing on the first day of that foreign tax year and ending on the day before the company so ceased to be a controlled foreign company:'';

(d) by the substitution in paragraph (i) of the further proviso to subsection (2A) for subparagraph *(aa)* of the following subparagraph:

''*(aa)* the aggregate amount of taxes on income payable to all spheres of government of any country other than the Republic by the controlled foreign company in respect of the foreign tax year of that controlled foreign company is at least **[75]** 67,5 per cent of the amount of normal tax that would have been payable in respect of any taxable income of the controlled foreign company had the controlled foreign company been a resident for that foreign tax year; or'';

(e) by the substitution in subsection (9A)*(a)*(i) for the words preceding item *(aa)* of the following words:

"is derived from the sale of goods by that controlled foreign company directly or indirectly to any connected person (in relation to that controlled foreign company) who is a resident, unless—";

(f) by the substitution in subsection (9A)*(a)*(iA) for the words preceding item *(aa)* of the following words:

"is derived from the sale of goods by that controlled foreign company directly or indirectly to a person, other than a connected person (in relation to that controlled foreign company) who is a resident, where that controlled foreign company initially purchased those goods or any tangible intermediary inputs thereof directly or indirectly from one or more connected persons (in relation to that controlled foreign company) who are residents, unless—"; and

(g) by the substitution in subsection (9A)*(a)*(ii) for the words preceding item *(aa)* of the following words:

"is derived from any service performed by that controlled foreign company **[to]** directly or indirectly for the benefit of a connected person (in relation to that controlled foreign company) who is a resident, unless that service is performed outside the Republic and—".

(2) Paragraph *(d)* of subsection (1) comes into operation on 1 January 2020 and applies in respect of years of assessment ending on or after that date.

Amendment of section 9HA of Act 58 of 1962, as inserted by section 15 of Act 25 of 2015, amended by section 22 of Act 15 of 2016 and section 19 of Act 23 of 2018

11. Section 9HA of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1) for the words following paragraph *(c)* of the following words:

"at the date of that person's death for an amount received or accrued equal to the market value, as **[contemplated]** defined in paragraph 1 of the Eighth Schedule, of those assets as at that date.".

Amendment of section 9HB of Act 58 of 1962, as inserted by section 20 of Act 23 of 2018

12. (1) Section 9HB of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1)*(b)* for subparagraph (i) of the following subparagraph:

"(i) acquired the asset on the same date that such asset was acquired by the **[transfer or]** transferor;".

(2) Subsection (1) is deemed to have come into operation on 17 January 2019.

Amendment of section 10 of Act 58 of 1962, as amended by section 8 of Act 90 of 1962, section 7 of Act 72 of 1963, section 8 of Act 90 of 1964, section 10 of Act 88 of 1965, section 11 of Act 55 of 1966, section 10 of Act 95 of 1967, section 8 of Act 76 of 1968, section 13 of Act 89 of 1969, section 9 of Act 52 of 1970, section 9 of Act 88 of 1971, section 7 of Act 90 of 1972, section 7 of Act 65 of 1973, section 10 of Act 85 of 1974, section 8 of Act 69 of 1975, section 9 of Act 103 of 1976, section 8 of Act 113 of 1977, section 4 of Act 101 of 1978, section 7 of Act 104 of 1979, section 7 of Act 104 of 1980, section 8 of Act 96 of 1981, section 6 of Act 91 of 1982, section 9 of Act 94 of 1983, section 10 of Act 121 of 1984, section 6 of Act 96 of 1985, section 7 of Act 65 of 1986, section 3 of Act 108 of 1986, section 9 of Act 85 of 1987, section 7 of Act 90 of 1988, section 36 of Act 9 of 1989, section 7 of Act 70 of 1989, section 10 of Act 101 of 1990, section 12 of Act 129 of 1991, section 10 of Act 141 of 1992, section 7 of Act 113 of 1993, section 4 of Act 140 of 1993, section 9 of Act 21 of 1994, section 10 of Act 21 of 1995, section 8 of Act 36 of 1996, section 9 of Act 46 of 1996, section 1 of Act 49 of 1996, section 10 of Act 28 of 1997, section 29 of Act 30 of 1998, section 18 of Act 53 of 1999, section 21 of Act 30 of 2000, section 13 of Act 59 of 2000, sections 9 and 78 of Act 19 of 2001, section 26 of Act 60 of 2001, section 13 of Act 30 of 2002, section 18 of Act 74 of 2002, section 36 of Act 12 of 2003, section 26 of Act 45 of 2003, sections 8 and 62 of Act 16 of 2004, section 14 of Act 32 of 2004, section 5 of Act 9 of 2005, section 16 of Act 31 of 2005, section 23 of Act 9 of 2006, sections 10 and 101 of Act 20 of 2006, sections 2, 10, 88 and 97 of Act 8 of 2007, section 2 of Act 9 of 2007, section 16 of Act 35 of 2007, sections 1 and 9 of Act 3 of

2008, section 2 of Act 4 of 2008, section 16 of Act 60 of 2008, sections 13 and 95 of Act 17 of 2009, section 18 of Act 7 of 2010, sections 28 and 160 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 31 of Schedule 1 to that Act, sections 19, 144, 157 and 166 of Act 22 of 2012, section 23 of Act 31 of 2013, section 14 of Act 43 of 2014, section 16 of Act 25 of 2015, section 23 of Act 15 of 2016, section 16 of Act 17 of 2017 and section 22 of Act 23 of 2018

13. Section 10 of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1) for paragraph *(j)* of the following paragraph:

"*(j)* the receipts and accruals of any bank, if such bank is not resident in the Republic and is entrusted by the Government of a territory outside the Republic with the custody of the principal foreign exchange reserves of that territory**[, and the Minister of Finance decides to apply the provisions of this paragraph to that bank in respect of the year of assessment under charge]**;".

Amendment of section 10C of Act 58 of 1962, as inserted by section 21 of Act 22 of 2012 and amended by section 26 of Act 31 of 2013, section 16 of Act 43 of 2014, section 118 of Act 17 of 2017 and section 24 of Act 23 of 2018

14. (1) Section 10C of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution for the heading of the following heading:

"**Exemption of non-deductible element of [compulsory] qualifying annuities**.";

(b) by the substitution in subsection (1) for the definition of "compulsory annuity" of the following definition:

" **'[compulsory] qualifying annuity'** means the amount of **[the remainder of]** the retirement interest of a person payable in the form of an annuity [**as contemplated in]** (including a living annuity)—

(a) as contemplated in paragraph (ii)*(dd)* of the proviso to paragraph *(c)* of the definition of 'pension fund';

(b) as contemplated in paragraph *(e)* of the proviso to the definition of 'pension preservation fund';

(c) as contemplated in paragraph *(b)*(ii) of the proviso to the definition of 'retirement annuity fund'; or

(d) **[paragraph *(e)* of the definition of 'provident preservation fund']** by a provident fund or provident preservation fund."; and

(c) by the substitution in subsection (2) for the words preceding paragraph *(a)* of the following words:

"(2) There shall be exempt from normal tax in respect of the aggregate of **[compulsory]** qualifying annuities payable to a person an amount equal to so much of the person's own contributions to any pension fund, provident fund and retirement annuity fund that did not rank for a deduction against the person's income in terms of section 11F as has not previously been—".

(2) Subsection (1) comes into operation on 1 March 2020 and applies in respect of any contributions made to a provident or provident preservation fund in determining the taxable annuity received during any year of assessment from such fund in relation to annuities received on or after 1 March 2020.

Amendment of section 11 of Act 58 of 1962, as amended by section 9 of Act 90 of 1962, section 8 of Act 72 of 1963, section 9 of Act 90 of 1964, section 11 of Act 88 of 1965, section 12 of Act 55 of 1966, section 11 of Act 95 of 1967, section 9 of Act 76 of 1968, section 14 of Act 89 of 1969, section 10 of Act 52 of 1970, section 10 of Act 88 of 1971, section 8 of Act 90 of 1972, section 9 of Act 65 of 1973, section 12 of Act 85 of 1974, section 9 of Act 69 of 1975, section 9 of Act 113 of 1977, section 5 of Act 101 of 1978, section 8 of Act 104 of 1979, section 8 of Act 104 of 1980, section 9 of Act 96 of 1981, section 7 of Act 91 of 1982, section 10 of Act 94 of 1983, section 11 of Act 121 of 1984, section 46 of Act 97 of 1986, section 10 of Act 85 of 1987, section 8 of Act 90 of 1988, section 8 of Act 70 of 1989, section 11 of Act 101 of 1990, section 13 of Act 129 of 1991, section 11 of Act 141 of 1992, section 9 of Act 113 of 1993, section 5 of Act 140 of 1993, section 10 of Act 21 of 1994, section 12 of Act 21 of 1995, section 9 of Act 36 of 1996, section 12 of Act 28 of 1997, section 30 of Act 30

of 1998, section 20 of Act 53 of 1999, section 22 of Act 30 of 2000, section 15 of Act 59 of 2000, section 10 of Act 19 of 2001, section 27 of Act 60 of 2001, section 14 of Act 30 of 2002, section 19 of Act 74 of 2002, section 27 of Act 45 of 2003, section 9 of Act 16 of 2004, section 16 of Act 32 of 2004, section 6 of Act 9 of 2005, section 18 of Act 31 of 2005, section 11 of Act 20 of 2006, section 11 of Act 8 of 2007, section 17 of Act 35 of 2007, sections 1 and 10 of Act 3 of 2008, section 18 of Act 60 of 2008, section 14 of Act 17 of 2009, section 19 of Act 7 of 2010, sections 30 and 161 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 33 of Schedule 1 to that Act, section 22 of Act 22 of 2012, section 27 of Act 31 of 2013, section 17 of Act 43 of 2014, section 18 of Act 25 of 2015, section 26 of Act 15 of 2016, section 19 of Act 17 of 2017 and section 25 of Act 23 of 2018

15. (1) Section 11 of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution for paragraph *(j)* of the following paragraph:

"*(j)* an allowance in respect of any debt due to the taxpayer, if that debt would have been allowed as a deduction under any other provision of this Part had that debt become bad, of an amount equal to—

(i) if IFRS 9 is applied to that debt by that person for financial reporting purposes, the sum of—

(aa) 40 per cent of the aggregate of—

(A) the loss allowance relating to impairment that is measured at an amount equal to the lifetime expected credit loss, as contemplated in IFRS 9, in respect of debt other than in respect of lease receivables as defined in IFRS 9; and

(B) the amounts of debts included in the income of the taxpayer in the current or any previous year of assessment that are disclosed as bad debt written off for financial reporting purposes and that have not been allowed as a deduction under section 11*(a)* or *(i)* for the current or any previous year of assessment; and

(bb) 25 per cent of the loss allowance relating to impairment, as contemplated in IFRS 9, in respect of debt other than in respect of lease receivables as defined in IFRS 9 or debt taken into account under item *(aa)*; or

(ii) if IFRS 9 is not applied to that debt by that person for financial reporting purposes, the sum of—

(aa) 40 per cent of so much of any debt, other than a debt contemplated in subparagraph (i), due to the taxpayer, if that debt is 120 days or more in arrears; and

(bb) 25 per cent of so much of any debt, other than a debt contemplated in subparagraph (i) or item *(aa)*, due to the taxpayer, if that debt is 60 days or more in arrears:

Provided that an allowance under this paragraph must be included in the income of the taxpayer in the following year of assessment: Provided further that the Commissioner may, on application by a taxpayer, issue a directive that the percentage contemplated in subparagraph (i)*(aa)* or (ii)*(aa)* may be increased, to a percentage not exceeding 85 per cent after taking into account—

(a) the history of a debt owed to that taxpayer, including the number of repayments not met, and the duration of the debt;

(b) steps taken to enforce repayment of the debt;

(c) the likelihood of the debt being recovered;

(d) any security available in respect of that debt;

(e) the criteria applied by the taxpayer in classifying debt as bad; and

(f) such other considerations as the Commissioner may deem relevant;"; and

(b) by the substitution in paragraph (*j*A*)* for the words preceding the proviso of the following words:

"notwithstanding paragraph *(j)*, an allowance equal to 25 per cent of the loss allowance relating to impairment, as contemplated in IFRS 9, other than in respect of lease receivables as defined in IFRS 9, if the person is a covered person, other than a person that is a **[holding]** controlling company as defined in the Banks Act, as determined by applying the criteria in paragraphs *(c)*(i) to (iii) and *(d)* of the definition of 'covered person' in section 24JB (1):''

(2) Paragraph *(b)* of subsection (1) is deemed to have come into operation on 1 January 2018 and applies in respect of years of assessment commencing on or after that date.

Amendment of section 12B of Act 58 of 1962, as inserted by section 11 of Act 90 of 1988 and amended by section 13 of Act 101 of 1990, section 10 of Act 113 of 1993, section 6 of Act 140 of 1993, section 13 of Act 28 of 1997, section 17 of Act 59 of 2000, section 11 of Act 16 of 2004, section 7 of Act 9 of 2005, section 19 of Act 31 of 2005, section 21 of Act 35 of 2007, section 18 of Act 17 of 2009, section 23 of Act 22 of 2012, section 31 of Act 31 of 2013, section 19 of Act 25 of 2015, section 28 of Act 15 of 2016 and section 22 of Act 17 of 2017

16. Section 12B of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1)*(h)* after item (iii) for the word ''and'' of the word ''or''.

Amendment of section 12J of Act 58 of 1962, as inserted by section 27 of Act 60 of 2008 and amended by section 25 of Act 17 of 2009, section 38 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 37 of Schedule 1 to that Act, section 36 of Act 31 of 2013, section 23 of Act 43 of 2014, section 23 of Act 25 of 2015, section 32 of Act 15 of 2016, section 28 of Act 17 of 2017 and section 29 of Act 23 of 2018

17. (1) Section 12J of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subsection (1) in the definition of ''qualifying company'' for paragraph *(b)* of the following paragraph:

''*(b)* the company is not a controlled group company in relation to a group of companies of which a venture capital company to which that company has issued any share forms part from the date of issue of any such share and at any time during any year of assessment after that date;'';

(b) by the substitution for subsection (2) of the following subsection:

''(2) Subject to subsections (3), (3A), (3B) and (4), there must be allowed as a deduction from the income of a taxpayer in respect of a year of assessment expenditure actually incurred by that taxpayer in acquiring any venture capital share issued to that taxpayer **[by a venture capital company]** during that year of assessment.'';

(c) by the insertion after subsection (3B) of the following subsection:

''(3C) The deduction to be allowed in terms of subsection (2) in respect of a year of assessment in respect of expenditure incurred during that year by a taxpayer that is—

(a) a company must not exceed R5 million; and

(b) a person other than a company must not exceed R2,5 million.''; and

(d) by the substitution in subsection (6A) for the words preceding paragraph *(a)* of the following words:

''If, at the end of any year of assessment, after the expiry of a period of **[36]** 48 months commencing on the first date of the issue of venture capital shares—''.

(2) Paragraph *(c)* of subsection (1) is deemed to have come into operation on 21 July 2019 and applies in respect of expenditure incurred by the taxpayer on or after that date.

(3) Paragraph *(d)* of subsection (1) is deemed to have come into operation on 21 July 2019.

Repeal of section 12K of Act 58 of 1962

18. (1) Section 12K of the Income Tax Act, 1962, is hereby repealed.

(2) Subsection (1) is deemed to have come into operation on 1 June 2019.

Amendment of section 12L of Act 58 of 1962, as inserted by section 27 of act 17 of 2009, substituted by section 29 of Act 22 of 2012, amended by section 38 of Act 31 of 2013 and section 24 of Act 25 of 2015

19. (1) Section 12L of the Income Tax Act, 1962, is hereby amended by the substitution for subsection (1) of the following subsection:

"(1) For the purpose of determining the taxable income derived by any person from carrying on any trade in respect of any year of assessment ending before 1 January **[2020]** 2023, there must be allowed as a deduction from the income of that person an amount in respect of energy efficiency savings by that person in respect of that year of assessment determined in accordance with subsection (2), subject to subsection (3).".

(2) Subsection (1) comes into operation on 1 January 2020.

Amendment of section 12R of Act 58 of 1962, as inserted by section 43 of Act 31 of 2013 and amended by section 26 of Act 43 of 2014, section 28 of Act 31 of 2013, section 34 of Act 15 of 2016 and section 30 of Act 17 of 2017

20. (1) Section 12R of the Income Tax Act, 1962, is hereby amended by the deletion in subsection (1) in the definition of "qualifying company" of the word "and" after paragraph *(c)*, the addition of that word after paragraph *(d)* and the addition of the following paragraph:

"*(e)* that—

(i) was carrying on any trade before 1 January 2013 in a location that is subsequently approved for the purpose of this section as zone in terms of subsection (3);

(ii) commenced, on or after 1 January 2013 the carrying on, in a location that is approved or subsequently approved for the purpose of this section as a zone in terms of subsection (3), of any trade not previously carried on by that company or any connected person in relation to that company in the Republic; or

(iii) commenced, on or after 1 January 2013 the carrying on, in a location that is approved or subsequently approved for the purpose of this section as a zone in terms of subsection (3), of any trade and that trade—

(a) comprises of the production of goods not previously produced by that company or any connected person in relation to that company in the Republic;

(b) utilizes the use of new technology in that company's production processes; or

(c) represents an increase in the production capacity of that company in the Republic.".

(2) Subsection (1) is deemed to have come into operation on 1 January 2019 and applies in respect of years of assessment ending on or after that date.

Amendment of section 13*bis* of Act 58 of 1962, as inserted by section 15 of Act 88 of 1965 and amended by section 18 of Act 55 of 1966, section 14 of Act 95 of 1967, section 14 of Act 88 of 1971, section 14 of Act 69 of 1975, section 13 of Act 94 of 1983, section 46 of Act 97 of 1986, section 13 of Act 90 of 1988, section 13 of Act 113 of 1993, section 12 of Act 21 of 1994, section 21 of Act 59 of 2000, section 4 of Act 4 of 2008, section 31 of Act 7 of 2010, section 31 of Act 25 of 2015 and section 33 of Act 23 of 2018

21. Section 13*bis* of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1) for the further proviso of the following further proviso:

"Provided further that in the case of any such building the erection of which has or is commenced on or after 4 June 1988 and any such improvements which have or are commenced on or after **[the]** that date the allowance under this subsection shall be increased to 5 per cent of the cost (after the **[setoff]** set-off of any amount as provided in subsection (6)) to the taxpayer of such building or improvements:".

Amendment of section 18A of Act 58 of 1962, as substituted by section 24 of Act 30 of 2000 and amended by section 72 of Act 59 of 2000, section 20 of Act 30 of 2002, section 34 of Act 45 of 2003, section 26 of Act 31 of 2005, section 16 of Act 20 of 2006,

section 18 of Act 8 of 2007, section 31 of Act 35 of 2007, section 1 of Act 3 of 2008, section 6 of Act 4 of 2008, section 34 of Act 60 of 2008, section 37 of Act 7 of 2010, section 44 of Act 24 of 2011, section 7 of Act 21 of 2012, section 52 of Act 31 of 2013, section 29 of Act 43 of 2014, section 3 of Act 44 of 2014, section 34 of Act 15 of 2015, section 31 of Act 17 of 2017 and section 35 of Act 23 of 2018

22. Section 18A of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1) for the words preceding paragraph *(a)* of the following words:

''Notwithstanding the provisions of section 23, there shall be allowed to be deducted **[from]** in the determination of the taxable income of any taxpayer so much of the sum of any bona fide donations by that taxpayer in cash or of property made in kind, which was actually paid or transferred during the year of assessment to—''.

Amendment of section 20A of Act 58 of 1962, as inserted by section 36 of Act 45 of 2003 and amended by section 27 of Act 31 of 2005, section 33 of Act 17 of 2009 and section 37 of Act 23 of 2018

23. Section 20A of the Income Tax Act, 1962, is hereby amended by the substitution for subsection (4) of the following subsection:

''(4) Subsection (3) does not apply in respect of a trade contemplated in subsection (2)*(b)* (other than farming) carried on by a person during any year of assessment where that person has, during the ten year period ending on the last day of that year of **[the]** assessment, incurred an assessed loss in at least six years of assessment in carrying on that trade (before taking into account any balance of assessed loss carried forward).''.

Amendment of section 22 of Act 58 of 1962, as amended by section 8 of Act 6 of 1963, section 14 of Act 90 of 1964, section 21 of Act 89 of 1969, section 23 of Act 85 of 1974, section 20 of Act 69 of 1975, section 15 of Act 103 of 1976, section 20 of Act 94 of 1983, section 19 of Act 121 of 1984, section 14 of Act 65 of 1986, section 5 of Act 108 of 1986, section 21 of Act 101 of 1990, section 22 of Act 129 of 1991, section 17 of Act 113 of 1993, section 1 of Act 168 of 1993, section 19 of Act 21 of 1995, section 12 of Act 36 of 1996, section 25 of Act 53 of 1999, section 27 of Act 30 of 2000, section 12 of Act 5 of 2001, section 24 of Act 74 of 2002, section 37 of Act 45 of 2003, section 16 of Act 3 of 2008, section 36 of Act 60 of 2008, section 39 of Act 7 of 2010, section 45 of Act 24 of 2011, section 40 of Act 22 of 2012, section 55 of Act 31 of 2013, section 32 of Act 43 of 2014, section 37 of Act 25 of 2015, section 40 of Act 15 of 2016 and section 33 of Act 17 of 2017

24. (1) Section 22 of the Income Tax Act, 1962, is here by amended by the addition in subsection (1) to paragraph *(a)* of the following proviso:

'': Provided that for the purposes of this subsection—

(i) the amount of trading stock must be taken into account in determining taxable income by including such amount in gross income; and

(ii) in determining any diminution in the value of trading stock, no account must be taken of the fact that the value of some items of trading stock held and not disposed of by the taxpayer may exceed their cost price; and''.

(2) Subsection (1) comes into operation on 1 January 2020 and applies in respect of years of assessment commencing on or after that date.

Amendment of section 22B of Act 58 of 1962, as substituted by section 34 of Act 17 of 2017 and amended by section 38 of Act 23 of 2018

25. (1) Section 22B of the Income Tax Act, 1962, is hereby amended—

(a) by the addition in subsection (1) to the definition of ''extraordinary dividend'' of the following proviso:

'': Provided that a dividend *in specie* that was distributed in terms of a deferral transaction must not be taken into account to the extent to which that distribution was made in terms of an unbundling transaction as defined in section 46(1)*(a)* or a liquidation distribution as defined in section 47(1)*(a)*; **[and]**'';

(b) by the insertion in subsection (1) after the definition of ''preference share'' of the word ''and'';

(c) by the substitution in subsection (2) for the words preceding paragraph *(a)* of the following words:

''Subject to subsection (3), where a company holds shares in another company and disposes of any of those shares **[in another company]** in terms of a transaction that is not a deferral transaction and that company held a qualifying interest in that other company at any time during the period of 18 months prior to that disposal, the amount of any exempt dividend received by or that accrued to that company in respect of the shares disposed of must—'';

(d) by the addition to subsection (2) of the following proviso:

'': Provided that where a company disposes of shares that are treated as having been disposed of previously by that company in terms of subsection (3A), the amount of any extraordinary dividend in respect of those shares must be included in the income of that company only to the extent to which it has not previously been included in the income of that company in terms of this subsection.'';

(e) by the substitution in subsection (3) for the words preceding paragraph *(a)* of the following words:

''Where a company holds shares in another company and disposes of any of those shares in terms of a transaction that is not a deferral transaction within a period of 18 months after having acquired those shares in terms of a deferral transaction, other than an unbundling transaction and—''; and

(f) by the addition after subsection (3) of the following subsection:

''(3A) Where a company holds equity shares in another company (hereinafter referred to as the 'target company') and—

(a) the target company issues shares (hereinafter referred to as the 'new shares') to a person other than that company; and

(b) the effective interest of that company in the equity shares of the target company is reduced by reason of the new shares issued by the target company,

that company must for purposes of this section be treated as having disposed, immediately after the new shares were issued, of a percentage of those equity shares that is equal to the percentage by which the effective interest of that company in the equity shares of the target company has been reduced by reason of the new shares issued by the target company: Provided that any new shares that are convertible to equity shares must for purposes of this subsection be treated as equity shares.''.

(2) Paragraph *(a)* of subsection (1) is deemed to have come into operation on 30 October 2019 and applies in respect of dividends received or accrued on or after that date.

(3) Paragraphs *(d)* and *(f)* of subsection (1) are deemed to have come into operation on 20 February 2019 and apply in respect of shares held by a company in a target company if the effective interest held by that company in the shares of that target company is reduced on or after that date.

Amendment of section 23C of Act 58 of 1962, as amended by section 25 of Act 129 of 1991, section 21 of Act 141 of 1992, section 33 of Act 60 of 2001 and section 57 of Act 31 of 2013

26. Section 23C of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1) for the words preceding paragraph *(a)* of the following words:

''**[Where for the purposes of applying any provision of this Act]** Notwithstanding the Seventh Schedule, where regard is to be had to the cost to the taxpayer or the market value of any asset acquired by him or her or to the amount of any expenditure incurred by him or her, and—''.

Amendment of section 23I of Act 58 of 1962, as substituted by section 38 of Act 60 of 2008 and amended by section 36 of Act 17 of 2009, section 44 of Act 7 of 2010, section 47 of Act 22 of 2012, section 58 of Act 31 of 2013, section 36 of Act 43 of 2014 and section 38 of Act 17 of 2017

27. (1) Section 23I of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (4) for the words preceding paragraph *(a)* of the following words:

“Subsection (2) must not apply where the aggregate amount of taxes on income payable to all spheres of government of any country other than the Republic by a controlled foreign company contemplated in that subsection in respect of the foreign tax year of that controlled foreign company is at least **[75]** 67,5 per cent of the amount of normal tax that would have been payable in respect of any taxable income of the controlled foreign company had the controlled foreign company been a resident for that foreign tax year: Provided that the aggregate amount of tax payable by a controlled foreign company in respect of a foreign tax year of that controlled foreign company must be determined—”.

(2) Subsection (1) comes into operation on 1 January 2020 and applies in respect of years of assessment ending on or after that date.

Amendment of section 23M of Act 58 of 1962, as inserted by section 16 of Act 31 of 2013 and amended by section 37 of Act 43 of 2014, section 41 of Act 15 of 2016, section 39 of Act 17 of 2017 and section 41 of Act 23 of 2018

28. Section 23M of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (3)*(b)* for the words preceding the formula of the following words:

“an amount determined by multiplying the **[a percentage of that]** adjusted taxable income of that debtor for that year of assessment by a percentage to be determined in accordance with the formula—”.

Amendment of section 23O of Act 58 of 1962, as inserted by section 39 of Act 43 of 2012, amended by section 43 of Act 15 of 2016 and section 41 of Act 17 of 2017

29. Section 23O of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution for subsections (2) and (3) of the following subsections:

“(2) Where during any year of assessment any amount is received by or accrues to a small, medium or micro-sized enterprise from a small business funding entity for the acquisition, creation or improvement, or as a reimbursement for expenditure incurred in respect of the acquisition, creation or improvement of trading stock, any expenditure incurred in respect of that trading stock allowed as a deduction in terms of section 11*(a)* or any amount taken into account in respect of the value of trading stock as contemplated in section 22(1) or (2) must be reduced to the extent that the amount is received or accrued from the small business funding entity **[is applied]** for that purpose.

(3) Where during any year of assessment any amount is received by or accrues to a small, medium or micro-sized enterprise from a small business funding entity for the acquisition, creation or improvement, or as a reimbursement for expenditure incurred in respect of the acquisition, creation or improvement of an allowance asset, the base cost of that allowance asset must be reduced to the extent that the amount is received or accrued from the small business funding entity **[is applied]** for that purpose.”;

(b) by the substitution in subsection (4) for paragraph *(a)* of the following paragraph:

“*(a)* the amount **[so]** is received or accrued **[that is applied]** for that purpose; and”; and

(c) by the substitution in subsection (5) for the words following paragraph *(b)* of the following words:

“the base cost of that asset must be reduced to the extent that the amount is received by or accrued from the small business funding entity **[is applied]** for that acquisition, creation or improvement.”.

Amendment of section 24I of Act 58 of 1962, as inserted by section 21 of Act 113 of 1993 and amended by section 11 of Act 140 of 1993, section 18 of Act 21 of 1994, section 13 of Act 36 of 1996, section 18 of Act 28 of 1997, section 35 of Act 30 of 1998, section 26 of Act 53 of 1999, section 31 of Act 59 of 2000, section 36 of Act 60 of 2001, section 27 of Act 74 of 2002, section 42 of Act 45 of 2003, section 23 of Act 32 of 2004, section 33 of Act 31 of 2005, section 26 of Act 9 of 2006, section 19 of Act 20 of 2006, section 23 of Act 8 of 2007, section 40 of Act 35 of 2007, section 20 of Act 3 of 2008, section 38 of Act 17 of 2009, section 47 of Act 7 of 2010, section 52 of Act 24 of 2011, section 53 of Act 22 of 2012, section 68 of Act 31 of 2013, section 40 of Act 43 of 2014, section 44 of Act 25 of 2015, section 44 of Act 15 of 2016, section 42 of Act 17 of 2017 and section 43 of Act 23 of 2018

30. Section 24I of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1) in the definition of ''local currency'' for paragraph *(b)* of the following paragraph:

''*(b)* any resident, other than a headquarter company, a domestic treasury management company and an international shipping company as defined in section 12Q(1), in respect of an exchange item which is not attributable to a permanent establishment outside the Republic, the currency of the Republic;''.

Amendment of section 24O of Act 58 of 1962, as substituted by section 46 of Act 25 of 2015 and section 46 of Act 23 of 2018

31. (1) Section 24O of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subsection (1) for the definition of ''acquisition transaction'' of the definition:

'' **'acquisition transaction'** means any transaction in terms of which a company acquires an equity share in another company from a person that does not form part of the same group of companies as that company, if—

(a) that other company is—

(i) an operating company on the date of acquisition of that share; and

(ii) as a result of which, at the end of the day of that transaction—

(aa) that company is a controlling group company in relation to that other company; and

(bb) that company and that other company form part of the same group of companies as defined in section 41(1); or

(b) that other company is—

(i) a controlling group company in relation to a company that is an operating company on the date of acquisition of that share and that forms part of the same group of companies, as defined in section 41(1), as that controlling group company; and

(ii) as a result of which, at the end of the day of that transaction—

(aa) that company is a controlling group company in relation to that other controlling group company; and

(bb) that company and that other controlling group company form part of the same group of companies as defined in section 41(1);'';

(b) by the substitution for subsection (3) of the following subsection:

''(3) An equity share in a company constitutes a qualifying interest in an operating company if that equity share is an equity share on the date referred to in subsection (2) in—

(a) a company that qualified as an operating company in its latest year of assessment that ended prior to or on the date referred to in subsection (2); or

(b) any other company, to the extent that the value of that equity share is derived from an equity share or equity shares held by that company in a company or companies described in paragraph *(a)*—

(i) in relation to which that company is a controlling group company; and

(ii) that form part, with that company, of a group of companies, as defined in section 41(1):

Provided that if at least 90 per cent of the value of that equity share is so derived, that equity share must be treated as an equity share in an operating company.''; and

(c) by the addition after subsection (4) of the following subsection:

''(5) Where a company that acquired equity shares in a controlling group company in relation to an operating company as contemplated in paragraph *(b)* of the definition of 'acquisition transaction' acquires the equity shares held by that controlling group company in that operating company in terms of—

(a) an unbundling transaction as defined in section 46(1)*(a)* in respect of which section 46 was applied; or

(b) a liquidation distribution as defined in section 47(1)*(a)* in respect of which section 47 was applied,

those equity shares must for purposes of subsection (2) be treated—

(i) as having been acquired by that company in terms of paragraph *(a)* of the definition of 'acquisition transaction'; and

(ii) as constituting a qualifying interest in an operating company to the extent to which the value of the equity shares in the controlling group company from which the equity shares in the operating company were acquired was derived from the value of the equity shares in the operating company so acquired.''.

(2) Subsection (1) is deemed to have come into operation on 1 January 2019 and applies in respect of years of assessment ending on or after that date.

Amendment of section 25BB of Act 58 of 1962, as inserted by section 59 of Act 22 of 2012, substituted by section 74 of Act 31 of 2013 and amended by section 45 of Act 43 of 2014, section 50 of Act 25 of 2015, section 48 of Act 15 of 2016, section 45 of Act 17 of 2017 and section 49 of Act 23 of 2018

32. Section 25BB of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1) for the definition of ''rental income'' of the following definition:

'' **'rental income'** means an amount calculated in accordance with the formula—

$$RI = PI + EG$$

in which formula—

(a) 'RI' represents the amount to be determined;

(b) 'PI' represents the aggregate of all amounts received or accrued—

(i) in respect of the use of immovable property, including a penalty or interest in respect of late payment of any such amount;

(ii) as a dividend (other than a dividend contemplated in paragraph *(b)* of the definition of 'dividend') from a company that is a REIT at the time of the distribution of that dividend;

(iii) as a qualifying distribution from a company that is a controlled company at the time of that distribution;

(iv) as a dividend or foreign dividend from a company that is a property company at the time of that distribution; and

(v) any amount recovered or recouped in terms of section 8(4) in respect of an amount of an allowance previously deducted in terms of section 11*(g)*, 13, 13*bis, 13ter, 13quat, 13quin or 13sex*; and

(c) 'EG' represents the total of foreign exchange gains contemplated in the definition of 'exchange difference' in section 24I(1), determined in terms of that section in respect of the amounts referred to in paragraph *(b)* that constitute exchange items or any exchange item serving as a hedge in respect of amounts referred to in that paragraph.''.

Amendment of section 28 of Act 58 of 1962, as amended by section 17 of Act 90 of 1962, section 22 of Act 55 of 1966, section 24 of Act 89 of 1969, section 21 of Act 88 of 1971, section 19 of Act 65 of 1973, section 19 of Act 91 of 1982, section 22 of Act 94 of 1983, section 17 of Act 65 of 1986, section 23 of Act 90 of 1988, section 13 of Act 70 of 1989, section 25 of Act 101 of 1990, section 29 of Act 129 of 1991, section 24 of Act 113 of 1993, section 19 of Act 21 of 1994, section 33 of Act 30 of 2000, section 42 of Act 35 of 2007, section 40 of Act 60 of 2008, section 40 of Act 17

of 2009, section 51 of Act 7 of 2010, section 61 of Act 22 of 2012, section 76 of Act 31 of 2013, section 52 of Act 25 of 2015, section 49 of Act 15 of 2016 and section 50 of Act 23 of 2018

33. Section 28 of the Income Tax Act, 1962, is hereby amended—

(a) by the insertion in subsection (1) before the definition of ''premium'' of the following definition:

'' **'branch policy'** means a policy contemplated in paragraph *(c)* of the definition of 'short-term policy' that is also a long-term policy as defined in section 1 of the Long-term Insurance Act;'';

(b) by the substitution for subsection (3) of the following subsection:

''(3) Subject to subsection (3A) and notwithstanding section 23 *(e)*, for the purpose of determining the taxable income derived during any year of assessment by any short-term insurer from carrying on short-term insurance business, there shall be allowed as a deduction from the income of that short-term insurer an amount equal to the sum of liabilities on investment contracts relating to short-term insurance business in accordance with IFRS as reported by that short-term insurer in its audited annual financial statements, and amounts recognised as insurance liabilities, in accordance with IFRS by that short-term insurer in its audited annual financial statements, relating to—

(a) premiums; and

(b) claims,

reduced by—

(i) the amounts recognised as recoverable under policies of reinsurance in accordance with IFRS as reported by the insurer to shareholders in the audited annual financial statements, other than any amount that is receivable from an owner as contemplated in the definition of ''cell structure'' in section 1 of the Insurance Act, in respect of a third party risk as defined in that section of that Act; and

(ii) the amounts recognised as deferred acquisition costs in accordance with IFRS as reported by the insurer to shareholders in the audited annual financial statements,

and increased by the amount of deferred revenue determined in accordance with IFRS as reported by the insurer to shareholders in the audited annual financial statements.''; and

(c) by the insertion after subsection (3) of the following subsection:

''(3A) Notwithstanding section 23*(e)*, for the purpose of determining the taxable income derived during any year of assessment by any foreign reinsurer conducting insurance business through a branch in the Republic in terms of section 6 of the Insurance Act in respect of a branch policy, there shall be allowed as a deduction from the income of that foreign reinsurer an amount in respect of liabilities determined in accordance with the formula

$$I = (L + DL) - DC + DR$$

in which formula—

(a) 'I' represents the amount to be determined;

(b) 'L' represents the amount of the liabilities in respect of branch policies of the insurer, net of amounts recognised as—

(i) recoverable under policies of reinsurance; and

(ii) negative liabilities,

the amounts of which are determined in accordance with IFRS as annually reported by the insurer to shareholders in the audited annual financial statements in respect of branch policies;

(c) 'DL' represents the amount of deferred tax liabilities, determined in accordance with IFRS as annually reported by the insurer to shareholders in the audited annual financial statements, in respect of branch policies;

(d) 'DC' represents the amount of deferred acquisition costs determined in accordance with IFRS as annually reported by the insurer to shareholders in the audited financial statements in respect of branch policies; and

(e) 'DR' represents the amount of deferred revenue determined in accordance with IFRS as annually reported by the insurer to shareholders in the audited financial statements in respect of branch policies.''.

(2) Paragraph *(b)* of subsection (1) is deemed to have come into operation on 1 July 2018 and applies in respect of years of assessment ending on or after that date.

Amendment of section 29A of Act 58 of 1962, as inserted by section 30 of Act 53 of 1999 and amended by section 36 of Act 59 of 2000, section 15 of Act 5 of 2001, section 15 of Act 19 of 2001, section 39 of Act 60 of 2001, section 30 of Act 74 of 2002, section 16 of Act 16 of 2004, section 23 of Act 20 of 2006, section 21 of Act 3 of 2008, section 52 of Act 7 of 2010, section 62 of Act 22 of 2012, section 77 of Act 31 of 2013, section 47 of Act 43 of 2014, section 53 of Act 25 of 2015, section 50 of Act 15 of 2016, section 46 of Act 17 of 2017 and section 51 of Act 23 of 2018

34. Section 29A of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subsection (1) for the definition of ''insurer'' of the following definition:

'' **'insurer'** means any long-term insurer as defined in section 1 of the Long-term Insurance Act, other than a foreign reinsurer conducting insurance business through a branch in the Republic in terms of section 6 of the Insurance Act;'';

(b) by the substitution in subsection (1) for the definition of ''policy'' of the following definition:

'' **'policy'** means a long-term policy as defined in section 1 of the Long-term Insurance Act, other than a policy issued by a foreign reinsurer conducting insurance business through a branch in the Republic in terms of section 6 of the Insurance Act;''; and

(c) by the addition to subsection (14) of the following proviso:

''Provided where an insurer ceases to conduct business during any year of assessment contemplated in paragraph *(a)* to *(e)*, the amount referred to in the definition of 'adjusted IFRS value' in respect of the phasing-in amount in respect of that year of assessment must be nil.''.

Amendment of section 30 of Act 58 of 1962, as inserted by section 35 of Act 30 of 2000 and amended by section 16 of Act 19 of 2001, section 22 of Act 30 of 2002, section 31 of Act 74 of 2002, section 45 of Act 45 of 2003, section 28 of Act 32 of 2004, section 36 of Act 31 of 2005, section 24 of Act 20 of 2006, section 25 of Act 8 of 2007, section 43 of Act 35 of 2007, section 22 of Act 3 of 2008, section 41 of Act 60 of 2008, section 41 of Act 17 of 2009, section 53 of Act 7 of 2010, section 8 of Act 21 of 2012, section 79 of Act 31 of 2013, section 48 of Act 43 of 2014, section 54 of Act 25 of 2015 and section 51 of Act 15 of 2016

35. Section 30 of the Income Tax Act, 1962, is hereby amended by the substitution for subsection (3B) of the following subsection:

''(3B) *(a)* **[Where]** Subject to paragraph *(b)*, where an organisation applies for approval, the Commissioner may approve that organisation for the purposes of this section with retrospective effect, **[to the extent that]** if the Commissioner is satisfied that that organization during the relevant period prior to its application complied with the requirements of a public benefit organisation as defined in subsection (1).

(b) For the purposes of paragraph *(a)*, where the organisation—

(i) has complied with all its obligations under chapters 4, 10 and 11 of the Tax Administration Act, the Commissioner may not extend approval to the years of assessment in respect of which an assessment may in terms of section 99(1) of that Act not be made; or

(ii) has not complied with all its obligations under chapters 4, 10 and 11 of the Tax Administration Act, the Commissioner may not extend approval to the years of assessment in respect of which an assessment could in terms of section 99(1) of that Act, not have been made had the income tax returns relating to those years of assessment been submitted in accordance with section 25(1) of that Act.''.

Amendment of section 30A of Act 58 of 1962, as inserted by section 25 of Act 20 of 2006 and amended by section 26 of Act 8 of 2007, section 42 of Act 60 of 2008, section 42 of Act 17 of 2009, section 54 of Act 7 of 2010, section 9 of Act 21 of 2012 and section 80 of Act 31 of 2013

36. Section 30A of the Income Tax Act, 1962, is hereby amended by the substitution for subsection (4) of the following subsection:

"(4) *(a)* **[Where]** Subject to paragraph *(b)*, where a club applies for approval, the Commissioner may approve that club for purposes of this section**[, or for the purposes of any provision contained in section 10 prior to its amendment by section 10(1)*(k)* of the Revenue Laws Amendment Act, 2006 (Act No. 20 of 2006),]** with retrospective effect, **[to the extent that]** if the Commissioner is satisfied that that club during the period prior to its application complied with the requirements of a 'recreational club' as defined in subsection (1).

(b) For the purposes of paragraph *(a)*, where the club—

(i) has complied with all its obligations under chapters 4, 10 and 11 of the Tax Administration Act, the Commissioner may not extend approval to the years of assessment in respect of which an assessment may in terms of section 99(1) of that Act not be made; or

(ii) has not complied with all its obligations under chapters 4, 10 and 11 of the Tax Administration Act, the Commissioner may not extend approval to the years of assessment in respect of which an assessment could in terms of section 99(1) of that Act, not have been made had the income tax returns relating to those years of assessment been submitted in accordance with section 25(1) of that Act.".

Amendment of section 31 of Act 58 of 1962, as substituted by section 57 of Act 24 of 2011, amended by section 64 of Act 22 of 2012, section 82 of Act 31 of 2013, section 50 of Act 43 of 2014 and section 56 of Act 25 of 2015

37. (1) Section 31 of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subsection (1) in the definition of "affected transaction" for the words following paragraph *(a)*(iv)*(bb)* of the following words:

"and those persons are connected persons or associated enterprises in relation to one another; and";

(b) by the insertion in subsection (1) after the definition of "affected transaction" of the following definition:

" **'associated enterprise'** means an associated enterprise as contemplated in Article 9 of the Model Tax Convention on Income and on Capital of the Organisation for Economic Co-operation and Development;"; and

(c) by the substitution in subsection (6)*(b)*(iii) for the words preceding the proviso of the following words:

"the aggregate amount of tax payable to all spheres of government of any country other than the Republic by that controlled foreign company in respect of any foreign tax year of that controlled foreign company during which that transaction, operation, scheme, agreement or understanding exists is at least **[75]** 67,5 per cent of the amount of normal tax that would have been payable in respect of any taxable income of that controlled foreign company had that controlled foreign company been a resident for that foreign tax year:".

(2) Paragraphs *(a)* and *(b)* of subsection (1) come into operation on 1 January 2021 and apply in respect of years of assessment commencing on or after that date.

(3) Paragraph *(c)* of subsection (1) comes into operation on 1 January 2020 and applies in respect of years of assessment ending on or after that date.

Amendment of section 40CA of Act 58 of 1962, as inserted by section 71 of Act 22 of 2012 and amended by section 89 of Act 31 of 2013

38. (1) Section 40CA of the Income Tax Act, 1962, is hereby amended by the substitution for paragraph *(a)* of the following paragraph:

"*(a)* shares issued by that company, that company must be deemed to have actually incurred an amount of expenditure in respect of the acquisition of that asset which is equal to the sum of—

(i) the market value of the shares immediately after the acquisition; and

(ii) any deemed capital gain determined in terms of section 24BA(3)*(a)* in respect of the acquisition of that asset; or".

(2) Subsection (1) comes into operation on 1 January 2020 and applies in respect of acquisitions on or after that date.

Amendment of section 41 of Act 58 of 1962, as substituted by section 34 of Act 74 of 2002 and amended by section 49 of Act 45 of 2003, section 32 of Act 32 of 2004, section 37 of Act 31 of 2005, section 28 of Act 20 of 2006, sections 32 and 103 of Act 8 of 2007, section 52 of Act 35 of 2007, section 25 of Act 3 of 2008, section 48 of Act 60 of 2008, section 47 of Act 17 of 2009, section 61 of Act 7 of 2010, section 67 of Act 24 of 2011, section 73 of Act 22 of 2012, section 90 of Act 31 of 2013, section 54 of Act 43 of 2014, section 61 of Act 25 of 2015, section 54 of Act 15 of 2016, section 50 of Act 17 of 2017 and section 54 of Act 23 of 2018

39. Section 41 of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution for subsection (2) of the following subsection:

"(2) The provisions of this Part must, subject to subsection (3), apply in respect of an asset-for-share transaction, a substitutive share-for-share transaction, an amalgamation transaction, an intra-group transaction, an unbundling transaction and a liquidation distribution as contemplated in sections 42, 43, 44, 45, 46 and 47, respectively, notwithstanding any provision to the contrary contained in the Act, other than sections 24BA, **[25BB(4)]** 24I, 25BB(5) and 103, Part IIA of Chapter III and paragraph 11(1)*(g)* of the Eighth Schedule and any adjusted gain on transfer or redemption of an instrument, as defined in section 24J(1) and any adjusted loss on transfer or redemption of an instrument as defined in section 24J(1)."; and

(b) by the substitution in subsection (4) for paragraphs *(b)* and *(c)* of the following paragraphs:

"*(b)* in the case of a deregistration of a company**[, that company has lodged a request for the deregistration of that company in the prescribed manner and form]**—

(i) **[to the Companies and Intellectual Property Commission in terms of section 82(3)*(b)*(ii) of the Companies Act in the case of a company to which that section applies]**—

(aa) a request for the deregistration of that company has in terms of section 82 (3)*(b)*(ii) of the Companies Act been lodged; or

(bb) a notice of amalgamation or merger has in terms of section 116 of the Companies Act been filed in respect of that company,

in the prescribed form and manner with the Companies and Intellectual Property Commission; or

(iii) in the case where that company is incorporated in a country other than the Republic, **[to]** a request or notice in respect of that company has been lodged with a person who, in terms of any similar provision contained in any foreign law, exercises the powers and performs the duties assigned to a Commission contemplated in subparagraph (i), if such foreign law so requires;

(c) that company has submitted a copy of the resolution contemplated in paragraph *(a)*(i) or the request or notice contemplated in paragraph *(b)* to the Commissioner; and".

Amendment of section 42 of Act 58 of 1962, as substituted by section 34 of Act 74 of 2002 and amended by section 50 of Act 45 of 2003, section 33 of Act 32 of 2004, section 38 of Act 31 of 2005, section 29 of Act 20 of 2006, section 33 of Act 8 of 2007, section 53 of Act 35 of 2007, section 26 of Act 3 of 2008, section 49 of Act 60 of 2008, section 48 of Act 17 of 2009, section 62 of Act 7 of 2010, section 68 of Act 24 of 2011,

section 74 of Act 22 of 2012, section 91 of Act 31 of 2013, section 55 of Act 43 of 2014, section 62 of Act 25 of 2015, section 51 of Act 17 of 2017 and section 55 of Act 23 of 2018

40. Section 42 of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (7) for the words preceding paragraph *(a)* of the following words:

> ‘‘Where a company disposes of an asset, other than an asset contemplated in section 25BB(5), within a period of 18 months after acquiring that asset in terms of an asset-for-share transaction, and—’’.

Amendment of section 44 of Act 58 of 1962, as substituted by section 34 of Act 74 of 2002 and amended by section 52 of Act 45 of 2003, section 40 of Act 31 of 2005, section 34 of Act 8 of 2007, section 55 of Act 35 of 2007, section 27 of Act 3 of 2008, section 50 of Act 60 of 2008, section 49 of Act 17 of 2009, section 63 of Act 7 of 2010, section 69 of Act 24 of 2011, section 76 of Act 22 of 2012, section 93 of Act 31 of 2013, section 57 of Act 43 of 2014, section 63 of Act 25 of 2015, section 55 of Act 15 of 2016, section 52 of Act 17 of 2017 and section 56 of Act 23 of 2018

41. Section 44 of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (5) for the words preceding paragraph *(a)* of the following words:

> ‘‘Where the resultant company acquires any asset, other than an asset contemplated in section 25BB(5), from the amalgamated company in terms of an amalgamation transaction that was subject to subsection (2) or (3) and that resultant company disposes of that asset within a period of 18 months after so acquiring that asset and—’’.

Amendment of section 45 of Act 58 of 1962, as substituted by section 34 of Act 74 of 2002 and amended by section 53 of Act 45 of 2003, section 35 of Act 32 of 2004, section 41 of Act 31 of 2005, section 35 of Act 8 of 2007, section 56 of Act 35 of 2007, section 28 of Act 3 of 2008, section 51 of Act 60 of 2008, section 64 of Act 7 of 2010, section 70 of Act 24 of 2011, section 77 of Act 22 of 2012, section 94 of Act 31 of 2013, section 64 of Act 25 of 2015, section 53 of Act 17 of 2017 and section 57 of Act 23 of 2018

42. Section 45 of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subsection (4)*(b)*(i) for the words preceding item *(aa)* of the following words:

> ‘‘an amount, in the case of an asset other than an asset contemplated in section 25BB(5), equal to the lesser of—’’;

(b) by the substitution in subsection (4)*(b)*(i) for the words following item *(bb)* of the following words:

> ‘‘is deemed to be a capital gain of the transferee company for the current year of assessment and the base cost of the asset must be increased by that amount and, where the asset is an allowance asset, the cost or value of the asset must be increased by **[50]** 80 per cent of that amount;’’;

(c) by the substitution in subsection (4)(*b*A) for subparagraph (BB) and the words following that subparagraph of the following subparagraph and words:

> ‘‘(BB) the capital gain that would be determined if the asset was disposed of on the date on which the transferee company ceases to form part of the group of companies as contemplated in item *(aa)* or on the date before the day the transferee company ceases to be a controlled foreign company as contemplated in item *(bb)* for an amount equal to the market value of the equity share on that date,
>
> must be deemed to be a capital gain of the transferee company for the year of assessment in which the transferee company ceased to form part of the group of companies as contemplated in item *(aa)* or on the date before the day the transferee company ceases to be a controlled foreign company as contemplated in item *(bb)* and applied to increase the base cost of the equity share.’’;

(d) by the substitution in subsection (5) for the words preceding paragraph *(a)* of the following words:

"Where a transferee company disposes of an asset other than an asset contemplated in section 25BB(5) or in terms of an involuntary disposal as contemplated in paragraph 65 of the Eighth Schedule or a disposal that would have constituted an involuntary disposal as contemplated in that paragraph had that asset not been a financial instrument, within a period of 18 months after acquiring that asset in terms of an intra-group transaction and—"; and

(e) by the addition in subsection (5) to paragraph *(b)* of the following proviso:

"Provided that no regard must be had to the provisions of this subsection if the provisions of subsection (4) have, subsequent to the acquisition of an asset by a transferee company from a transferor company in terms of an intra-group transaction in the manner contemplated in paragraph *(a)*, been applied in respect of that asset.".

Amendment of section 47 of Act 58 of 1962, as substituted by section 34 of Act 74 of 2002 and amended by section 55 of Act 45 of 2003, section 37 of Act 32 of 2004, section 43 of Act 31 of 2005, section 31 of Act 20 of 2006, section 37 of Act 8 of 2007, section 58 of Act 35 of 2007, section 31 of Act 3 of 2008, section 53 of Act 60 of 2008, section 50 of Act 17 of 2009, section 66 of Act 7 of 2010, section 72 of Act 24 of 2011, section 79 of Act 22 of 2012, section 96 of Act 31 of 2013, section 59 of Act 43 of 2012, section 66 of Act 25 of 2015, section 55 of Act 17 of 2017 and section 58 of Act 23 of 2018

43. Section 47 of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (4)*(a)* for the words preceding subparagraph (i) of the following words:

"that asset constitutes a capital asset in the hands of that holding company other than an asset contemplated in section 25BB(5)—".

Amendment of section 64EA of Act 58 of 1962, as inserted by section 77 of Act 24 of 2011 and section 84 of Act 22 of 2012

44. Section 64EA of the Income Tax Act, 1962, is hereby amended by the substitution for the words preceding paragraph *(a)* of the following words:

"**[Subject to section 64J (7) any]** Any—".

Amendment of section 64G of Act 58 of 1962, as substituted by section 53 of Act 17 of 2009 and amended by section 73 of Act 7 of 2010, section 80 of Act 24 of 2011 and section 88 of Act 22 of 2012

45. Section 64G of the Income Tax Act, 1962, is hereby amended by the substitution for subsection (1) of the following subsection:

"(1) Subject to subsections (2) and (3), a company that declares and pays a dividend must withhold an amount of dividends tax from that payment calculated as contemplated in section 64E except to the extent that**[—**

(a)*]** the dividend consists of a distribution of an asset *in specie[; or**

***(b)* the dividend is not subject to the dividends tax by virtue of any STC credit contemplated in section 64J having been applied]**.".

Amendment of section 64H of Act 58 of 1962, as substituted by section 53 of Act 17 of 2009 and amended by section 74 of Act 7 of 2010, section 81 of Act 24 of 2011 and section 89 of Act 22 of 2012

46. Section 64H of the Income Tax Act, 1962, is hereby amended by the substitution for subsection (1) of the following subsection:

"(1) Subject to subsections (2) and (3), a regulated intermediary that pays a dividend that was declared by any other person must withhold an amount of dividends tax from that payment calculated as contemplated in section 64E except to the extent that**[—**

(a)*]** the dividend consists of a distribution of an asset *in specie[; or**

***(b)* the dividend is not subject to the dividends tax by virtue of any STC credit contemplated in section 64J having been applied]**.".

Amendment of paragraph 12 of First Schedule to Act 58 of 1962, as amended by section 27 of Act 55 of 1966, section 42 of Act 89 of 1969, section 24 of Act 113 of 1977, section 24 of Act 104 of 1980, section 27 of Act 96 of 1981, section 28 of Act 91 of 1982, section 39 of Act 90 of 1988, section 45 of Act 113 of 1993, section 80 of Act 45 of 2003, section 2 of Act 8 of 2007, section 57 of Act 60 of 2008 and section 63 of Act 23 of 2018

47. Paragraph 12 of the First Schedule to the Income Tax Act, 1962, is hereby amended by the substitution for subparagraph (2) of the following subparagraph:

"(2) No deduction under section 11*(e)* or (*o*) of this Act shall be allowed in respect of any machinery, implements, utensils or articles for which a deduction is allowable under subparagraph (1) or (1A) of this paragraph **[or the corresponding provisions of a previous Income Tax Act and no deduction under section 11*(q)* of this Act shall be allowed in respect of expenditure of a capital nature for which a deduction is allowable under subparagraph (1) or (1A) of this paragraph or the said corresponding provisions]**.".

Amendment of paragraph 2 of Second Schedule to Act 58 of 1962, as substituted by section 57 of Act 17 of 2009 and amended by section 80 of Act 7 of 2010, section 92 of Act 22 of 2012 and section 62 of Act 17 of 2017

48. Paragraph 2 of the Second Schedule to the Income Tax Act, 1962, is hereby amended by the substitution for the words preceding subparagraph *(a)* of the following words:

"Subject to section 9(2)*(i)* and paragraphs 2A, **[and]** 2C and 2D, the amount to be included in the gross income of any person for any year of assessment in terms of paragraph *(e)* of the definition of 'gross income' in section 1 shall be—".

Insertion of paragraph 2D of Second Schedule to Act 58 of 1962

49. The following paragraph is hereby inserted after paragraph 2C of the Second Schedule to the Income Tax Act, 1962:

"2D Any lump sum benefit, or part thereof, received by or accrued to a person subsequent to the person's retirement, death, withdrawal or resignation from any pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund held by or under the control of an administrator, as defined in section 1(1) of the Pension Funds Act, in consequence of an event prescribed by the Minister by notice in the *Gazette* shall not constitute gross income of that person.".

Amendment of paragraph 6 of Second Schedule to Act 58 of 1962, as substituted by section 62 of Act 17 of 2009 and amended by section 84 of Act 7 of 2010, section 92 of Act 24 of 2011, section 99 of Act 22 of 2012, section 113 of Act 31 of 2013, section 87 of Act 25 of 2015, section 64 of Act 17 of 2017 and section 65 of Act 23 of 2018

50. (1) Paragraph 6 of the Second Schedule to the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subparagraph (1) for item *(a)* of the following item:

"*(a)* in the case of—

(i) a lump sum benefit contemplated in paragraph 2 (1)*(b)*(iA), so much of the benefit as is paid or transferred for the benefit of the person from a—

(aa) pension fund into any pension fund, pension preservation fund or retirement annuity fund;

(bb) pension preservation fund into any pension fund, pension preservation fund or retirement annuity fund;

(cc) provident fund into any pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund;

(dd) provident preservation fund into any pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund; and

(ee) retirement annuity fund into any retirement annuity fund; and

(ii) a lump sum benefit contemplated in paragraph 2 (1)*(b)*(iB), so much of the benefit as is paid or transferred for the benefit of the person from a—

(aa) pension fund into any pension fund, pension preservation fund or retirement annuity fund;

(bb) pension preservation fund into any pension fund, pension preservation fund or retirement annuity fund;

(cc) provident fund into any pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund;

(dd) provident preservation fund into any pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund; and

(ee) retirement annuity fund into any retirement annuity fund; and''; and

(b) by the substitution in subparagraph (1) for item *(a)* of the following item:

''*(a)* in the case of a lump sum benefit contemplated in paragraph 2 (1)*(b)*(iA) and (iB), so much of the benefit as is paid or transferred for the benefit of the person from a—

(i) pension fund, pension preservation fund, provident fund or provident preservation fund into any pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund; or

(ii) retirement annuity fund into any retirement annuity fund; and''.

(2) Paragraph *(a)* of subsection (1) is deemed to have come into operation on 1 March 2019.

(3) Paragraph *(b)* of subsection (1) comes into operation on 1 March 2021 and applies in respect of contributions made on or after that date.

Amendment of paragraph 2 of Fourth Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 23 of Act 72 of 1963, section 29 of Act 55 of 1966, section 38 of Act 88 of 1971, section 48 of Act 85 of 1974, section 30 of Act 103 of 1976, section 28 of Act 113 of 1977, section 29 of Act 104 of 1980, section 40 of Act 90 of 1988, section 21 of Act 70 of 1989, section 45 of Act 101 of 1990, section 45 of Act 129 of 1991, section 38 of Act 21 of 1995, section 45 of Act 28 of 1997, section 53 of Act 30 of 2000, section 54 of Act 59 of 2000, section 20 of Act 19 of 2001, section 21 of Act 16 of 2004, section 50 of Act 31 of 2005, section 40 of Act 20 of 2006, section 55 of Act 8 of 2007, section 65 of Act 35 of 2007, section 18 of Act 18 of 2009, section 94 of Act 24 of 2011, section 19 of Act 21 of 2012, section 13 of Act 26 of 2013, section 8 of Act 39 of 2013, section 68 of Act 44 of 2014 and section 6 of Act 16 of 2016

51. (1) Paragraph 2 of the Fourth Schedule to the Income Tax Act, 1962, is hereby amended by the addition after subparagraph (2A) of the following subparagraph:

''(2B) Notwithstanding the provisions of subparagraph (1), a person that is a pension fund, pension preservation fund, provident fund provident preservation fund, retirement annuity fund or a person that pays an annuity amount as defined in section 10A(1) shall, when deducting or withholding employees' tax in respect of any year of assessment, disregard the amounts contemplated in section 6 in determining the amount of employees' tax to be withheld if the Commissioner, pursuant to an application made by that person, issues a directive that the amount must be disregarded, where the person to whom that annuity amount is paid receives an amount of remuneration from more than one employer.''.

(2) Subsection (1) comes into operation on 1 March 2021.

Amendment of paragraph 28 of Fourth Schedule to Act 58 of 1962, as amended by section 29 of Act 90 of 1964, section 30 of Act 95 of 1967, section 48 of Act 89 of 1969, section 48 of Act 88 of 1971, section 23 of Act 90 of 1972, section 55 of Act 85 of 1974, section 53 of Act 94 of 1983, section 44 of Act 121 of 1984, section 30 of Act 65 of 1986, section 49 of Act 32 of 2004 and section 14 of Act 16 of 2016

52. Paragraph 28 of the Fourth Schedule to the Income Tax Act, 1962, is hereby amended by the substitution in subparagraph (1) of the following subparagraphs:

"(1) There shall be set off against the liability of the taxpayer in respect of any taxes (as defined in subparagraph (8)) due by the taxpayer, the amounts of **[employees]** employees' tax deducted or withheld by the taxpayer's employer during any year of assessment for which the taxpayer's liability for normal tax has been assessed by the Commissioner and the amounts of provisional tax paid by the taxpayer in respect of any such year, and if—

(a) the sum of the said amounts of **[employees]** employees' tax and provisional tax exceeds the amount of the taxpayer's total liability for the said taxes, the excess amount shall be refunded to the taxpayer; or

(b) the taxpayer's total liability for the aforesaid taxes exceeds the sum of the said amounts of **[employees]** employees' tax and provisional tax, the amount of the excess shall be payable by the taxpayer to the Commissioner.".

Amendment of paragraph 1 of Eighth Schedule to Act 58 of 1962, as amended by section 65 of Act 60 of 2001, section 63 of Act 74 of 2002, section 90 of Act 45 of 2003, section 25 of Act 16 of 2004, section 51 of Act 32 of 2004, section 63 of Act 31 of 2005, section 49 of Act 3 of 2008, section 102 of Act 22 of 2012, section 78 of Act 43 of 2014 and section 73 of Act 23 of 2018

53. Paragraph 1 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended by the substitution for the definition of "market value" of the following definition:

" **'market value'** means market value as **[defined]** contemplated in paragraph 31;".

Amendment of paragraph 12A of Eighth Schedule to Act 58 of 1962, as substituted by section 70 of Act 17 of 2017 and section 70 of Act 23 of 2018

54. Paragraph 12A of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended by the deletion in subparagraph (1) of the definitions of "allowance asset" and "capital asset".

Amendment of paragraph 19 of Eighth Schedule to Act 58 of 1962, as amended by section 94 of Act 45 of 2003, section 72 of Act 35 of 2007, section 69 of Act 17 of 2009, section 109 of Act 24 of 2011 and section 110 of Act 22 of 2012

55. Paragraph 19 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended—

(a) by the substitution for the words preceding subparagraph (1) of the following words:

"**[Where]** Subject to paragraph 43A, where a person disposes of a share in a company";

(b) by the substitution in subparagraph (3)*(b)* for item (ii) of the following item:

"(ii) exempt from normal tax in terms of section 10(1)*(k)*(i) or section 10B(2)*(a)* **[or]**, *(b)* or *(e)*;"; and

(c) by the substitution in subparagraph (3) for item *(c)* of the following item:

"*(c)* **'extraordinary exempt dividends'** means so much of the amount of the aggregate of any exempt dividends received or accrued within the period of 18 months contemplated in subparagraph (1)—

(i) as exceeds 15 per cent of the proceeds received or accrued from the disposal contemplated in that subparagraph; and

(ii) as has not been taken into account as an extraordinary dividend in terms of paragraph 43A(2).".

Amendment of paragraph 20 of Eighth Schedule to Act 58 of 1962, as inserted by section 38 of Act 5 of 2001 and amended by section 26 of Act 19 of 2001, section 75 of Act 60 of 2001, section 71 of Act 74 of 2002, section 95 of Act 45 of 2003, section 58 of Act 32 of 2004, section 68 of Act 31 of 2005, section 45 of Act 20 of 2006, section 60 of Act 8 of 2007, section 73 of Act 35 of 2007, section 52 of Act 3 of 2008, section 77 of Act 60 of 2008, section 95 of Act 7 of 2010, section 110 of Act 24 of 2011, section 111 of Act 22 of 2012, section 130 of Act 31 of 2013, section 84 of Act 43 of 2014 and section 108 of Act 25 of 2015

56. (1) Paragraph 20 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subparagraph (1) for item *(e)* of the following item:

"*(e)* the expenditure actually incurred in effecting an improvement to or enhancement of the value of that asset**[, if that improvement or enhancement is still reflected in the state or nature of that asset at the time of its disposal]**;";

(b) by the substitution in subparagraph (2) for item *(a)* of the following item:

"*(a)* borrowing costs, including any interest as contemplated in section 24J **[or]** raising fees, bond registration costs or bond cancellation costs;"; and

(c) by the substitution in subparagraph (3)*(b)* for subitem (iii) of the following subitem:

"(iii) applied to reduce an amount **[taken into account in respect of]** of expenditure incurred in respect of—

(aa) trading stock as contemplated in section 19(3); or

(bb) any other asset as contemplated in paragraph 12A(3); or".

(2) Paragraph *(c)* of subsection (1) is deemed to have come into operation on 1 January 2018 and applies in respect of years of assessment commencing on or after that date.

Amendment of paragraph 29 of Eighth Schedule to Act 58 of 1962, as inserted by section 38 of Act 5 of 2001 and amended by section 81 of Act 60 of 2001, section 38 of Act 30 of 2002, section 76 of Act 74 of 2002, section 47 of Act 20 of 2006, section 61 of Act 8 of 2007, section 96 of Act 7 of 2010, section 30 of Act 44 of 2014 and section 109 of Act 25 of 2015

57. Paragraph 29 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended by the substitution in subparagraph (4)*(a)* for subitem (iii) of the following subitem:

"(iii) that person has acquired that asset from that person's spouse as contemplated in **[paragraph 67]** section 9HB and the transferor spouse had adopted or determined a market value in terms of this paragraph, and for this purpose the transferee spouse must be treated as having adopted or determined that same market value; or".

Amendment of paragraph 35 of Eighth Schedule to Act 58 of 1962, as inserted by section 38 of Act 5 of 2001 and amended by section 86 of Act 60 of 2001, section 133 of Act 31 of 2013, section 111 of Act 25 of 2015 and section 78 of Act 23 of 2018

58. Paragraph 35 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended by the substitution in subparagraph (3) for item *(c)* of the following item:

"*(c)* any reduction, as the result of the cancellation, termination or variation of an agreement, other than any cancellation or termination of an agreement that results in the asset being reacquired by the person that disposed of it, or any reduction due to the prescription or waiver of a claim or release from an obligation or any other event during that year, of an accrued amount forming part of the proceeds of that disposal.".

Amendment of paragraph 38 of Eighth Schedule to Act 58 of 1962, as inserted by section 38 of Act 5 of 2001 and amended by section 87 of Act 60 of 2001, section 81 of Act 74 of 2002, section 63 of Act 32 of 2004, section 72 of Act 31 of 2005, section 98 of Act 7 of 2010, section 114 of Act 22 of 2012, section 134 of Act 31 of 2013 and section 71 of Act 15 of 2016

59. Paragraph 38 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subparagraph (1) for the words preceding item *(a)* of the following words:

"Subject to subparagraph (2) and **[paragraph 67]** section 9HB, where a person disposed of an asset by means of a donation or for a consideration not measurable in money or to a person who is a connected person immediately prior to or immediately after that disposal in relation to that person for a consideration which does not reflect an arm's length price—"; and

(b) by the substitution in subparagraph (1) for item *(b)* of the following item:

"*(b)* the person who acquired that asset must be treated as having acquired that asset at a cost equal to that market value, which cost must be treated as an amount of expenditure actually incurred **[and paid]** for the purposes of paragraph 20(1)*(a)*.".

Amendment of paragraph 40 of Eighth Schedule to Act 58 of 1962, as amended by section 89 of Act 60 of 2001, section 82 of Act 74 of 2002, section 50 of Act 20 of 2006, section 54 of Act 3 of 2008, section 79 of Act 60 of 2008, section 71 of Act 17 of 2009 and section 112 of Act 15 of 2015

60. Paragraph 40 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subparagraph (1) for item *(a)* of the following item:

"*(a)* assets transferred to the surviving spouse of that deceased person as contemplated in **[paragraph 67(2)*(a)*]** section 9HB(2)*(a)*;"; and

(b) by the substitution in subparagraph (2) for the words preceding paragraph *(a)* of the following words:

"Where an asset is disposed of by a deceased estate to an heir or legatee (other than the surviving spouse of the deceased person as contemplated in **[paragraph 67(2)*(a)*]** section 9HB(2)*(a)*)—".

Amendment of paragraph 43 of Eighth Schedule to Act 58 of 1962, as inserted by section 38 of Act 5 of 2001 and amended by section 91 of Act 60 of 2001, section 84 of Act 74 of 2002, section 101 of Act 45 of 2003, section 75 of Act 31 of 2005, section 51 of Act 20 of 2006, section 76 of Act 35 of 2007, section 100 of Act 7 of 2010, section 111 of Act 24 of 2011, section 117 of Act 22 of 2012, section 136 of Act 31 of 2013, section 88 of Act 43 of 2014, section 114 of Act 25 of 2015 and section 72 of Act 15 of 2016

61. Paragraph 43 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended—

(a) by the addition to subparagraph (1A) of the following proviso:

": Provided that the amount of any capital gain or capital loss determined under this subparagraph in respect of an exchange item contemplated in section 24I must be taken into account in terms of this paragraph only to the extent to which it exceeds the amounts determined in respect of that exchange item under section 24I.";

(b) by the substitution in subparagraph (5) for item *(b)* of the following item:

"*(b)* the expenditure incurred by a person acquiring that asset must for purposes of **[section]** sections 9HA and 25 and paragraphs 12, 38 and 40 be treated as being denominated in that currency."; and

(c) by the deletion of subparagraph (6A).

Amendment of paragraph 43A of Eighth Schedule to Act 58 of 1962, as substituted by section 72 of Act 17 of 2017 and amended by section 80 of Act 23 of 2018

62. (1) Paragraph 43A of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subparagraph (1) in the definition of ''extraordinary dividend'' for paragraph *(a)* of the following paragraph:

''*(a)* a preference share, means so much of the amount of any dividend received or accrued in respect of that share as exceeds the amount that would have accrued in respect of that share had it been determined with reference to the consideration for which that share was issued by applying an interest rate of 15 per cent per annum for the period in respect of which that dividend was received or accrued;'';

(b) by the addition in subparagraph (1) to the definition of ''extraordinary dividend'' of the following proviso:

'': Provided that a dividend *in specie* that was distributed in terms of a deferral transaction must not be taken into account to the extent to which that distribution was made in terms of an unbundling transaction as defined in section 46(1)*(a)* or a liquidation distribution as defined in section 47(1)*(a)*;'';

(c) by the deletion in subparagraph (1) of the word ''and'' after the definition of ''extraordinary dividend'';

(d) by the substitution for subparagraph (2) of the following subparagraph:

''(2) Subject to subparagraph (3), where a company holds shares in another company and disposes of any of those shares **[in another company]** in terms of a transaction that is not a deferral transaction and that company held a qualifying interest in that other company at any time during the period of 18 months prior to that disposal, the amount of any exempt dividend received by or that accrued to that company in respect of the shares disposed of must—

(a) to the extent that the exempt dividend constitutes an extraordinary dividend; and

(b) if that company immediately before that disposal held the shares disposed of as a capital asset (as defined in section 41),

be taken into account as part of the proceeds from the disposal of those shares or, if those shares are treated as having been disposed of in terms of subparagraph (3A), as a capital gain in respect of those shares, in the year of assessment in which those shares are disposed of or are treated as having been disposed of or, where that dividend is received or accrues after that year of assessment, the year of assessment in which that dividend is received or accrues **[as part of the proceeds from the disposal of those shares]**: Provided that where a company disposes of shares that are treated as having been disposed of previously by that company in terms of subparagraph (3A), the amount of any extraordinary dividend in respect of those shares must be included in the proceeds from that disposal only to the extent to which it has not previously been taken into account in respect of those shares in terms of this subparagraph.'';

(e) by the substitution in subparagraph (3) for the words preceding item *(a)* of the following words:

''(3) Where a company holds shares in another company and disposes of any of those shares in terms of a transaction that is not a deferral transaction within a period of 18 months after having acquired those shares in terms of a deferral transaction, other than an unbundling transaction and—''; and

(f) by the addition after subparagraph (3) of the following subparagraph:

''(3A) Where a company holds equity shares in another company (hereinafter referred to as the 'target company') and—

(a) the target company issues shares (hereinafter referred to as the 'new shares') to a person other than that company; and

(b) the effective interest of that company in the equity shares of the target company is reduced by reason of the new shares issued by the target company,

that company must for purposes of this paragraph be treated as having disposed, immediately after the new shares were issued, of a percentage of those equity shares that is equal to the percentage by which the effective interest of that company in the equity shares of the target company has been reduced by reason of the new shares issued by the target company: Provided that any new shares that are convertible to equity shares must for purposes of this subparagraph be treated as equity shares.''.

(2) Paragraph *(b)* of subsection (1) is deemed to have come into operation on 30 October 2019 and applies in respect of dividends received or accrued on or after that date.

(3) Paragraphs *(d)* and *(f)* of subsection (1) are deemed to have come into operation on 20 February 2019 and apply in respect of shares held by a company in a target company if the effective interest held by that company in the shares of that target company is reduced on or after that date.

Amendment of paragraph 56 of Eighth Schedule to Act 58 of 1962, as inserted by section 38 of Act 5 of 2001, substituted by section 99 of Act 60 of 2001 and amended by section 88 of Act 74 of 2002, section 65 of Act 32 of 2004, section 119 of Act 22 of 2012 and section 138 of Act 31 of 2013

63. (1) Paragraph 56 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended by the substitution in subparagraph (2) for item *(a)* of the following item:

''*(a)* an amount **[which is applied to reduce]**—

(i) which is applied to reduce the expenditure in respect of an asset of the debtor in terms of section 19(3) or paragraph 12A(3); or

(ii) **[any assessed capital loss of the debtor]** which must be taken into account by the debtor as a capital gain in terms of paragraph 12A(4);''.

(2) Subsection (1) is deemed to have come into operation on 1 January 2018 and applies in respect of years of assessment commencing on or after that date.

Amendment of paragraph 80 of Eighth Schedule to Act 58 of 1962, as inserted by section 38 of Act 5 of 2001 and amended by section 108 of Act 60 of 2001, section 58 of Act 20 of 2006, section 62 of Act 3 of 2008, section 86 of Act 60 of 2008, section 80 of Act 17 of 2009, section 150 of Act 31 of 2013, section 123 of Act 25 of 2015, section 75 of Act 17 of 2017 and substituted by section 87 of Act 23 of 2018

64. Paragraph 80 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended by the substitution in subparagraph (4) for the words preceding item *(a)* of the following words:

''In determining, for purposes of subparagraph (1), (2) or (3), whether an amount would have constituted a capital gain had the trust been a resident, the provisions of paragraph 64B(1) and (4) must be disregarded in respect of an amount derived by that trust, directly or indirectly, from the disposal or in respect of an equity share in a foreign company if—''.

Continuation of certain amendments of Schedules to Act 91 of 1964

65. Every amendment or withdrawal of or insertion in Schedules No. 1 to 6, 8 and 10 to the Customs and Excise Act, 1964, made under section 48, 49, 56, 56A, 57, 60 or 75(15) of that Act during the period 1 October 2018 up to and including 31 October 2019, shall not lapse by virtue of section 48(6), 49(5A), 56(3), 56A(3), 57(3), 60(4) or 75(16) of that Act.

Amendment of section 1 of Act 89 of 1991, as amended by section 21 of Act 136 of 1991, paragraph 1 of Government Notice 2695 of 8 November 1991, section 12 of Act 136 of 1992, section 1 of Act 61 of 1993, section 22 of Act 97 of 1993, section 9 of Act 20 of 1994, section 18 of Act 37 of 1996, section 23 of Act 27 of 1997, section 34 of Act 34 of 1997, section 81 of Act 53 of 1999, section 76 of Act 30 of 2000, section 64 of Act 59 of 2000, section 65 of Act 19 of 2001, section 148 of Act 60 of

2001, section 114 of Act 74 of 2002, section 47 of Act 12 of 2003, section 164 of Act 45 of 2003, section 43 of Act 16 of 2004, section 92 of Act 32 of 2004, section 8 of Act 10 of 2005, section 101 of Act 31 of 2005, section 40 of Act 9 of 2006, section 77 of Act 20 of 2006, sections 81 and 108 of Act 8 of 2007, section 104 of Act 35 of 2007, section 68 of Act 3 of 2008, section 104 of Act 60 of 2008, section 33 of Act 18 of 2009, section 119 of Act 7 of 2010, section 26 of Act 8 of 2010, section 129 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 108 of Schedule 1 to that Act, section 145 of Act 22 of 2012, section 165 of Act 31 of 2013, section 95 of Act 43 of 2014, section 128 of Act 25 of 2015, section 83 of Act 15 of 2016, section 77 of Act 17 of 2017 and section 89 of Act 28 of 2018

66. (1) Section 1 of the Value-Added Tax Act, 1991, is hereby amended—

(a) by the substitution in subsection (1) in the definition of ''enterprise'' for paragraph *(b)* of subparagraph (v) of the following subparagraph:

''(v) the activities of an implementing agency carried on in the course of implementing, operating, administering or managing a foreign donor funded project;'';

(b) by the substitution in subsection (1) for the definition of ''foreign donor funded project'' of the following definition:

'' **'foreign donor funded project'** means a project established **[as a result of an international donor funding agreement]** in terms of an official development assistance agreement to supply goods or services to beneficiaries, to which the government of the Republic is a party, and which—

[i]*(a)* is binding on the Republic in terms of section 231(3) of the Constitution of the Republic of South Africa, 1996; **[and]**

[ii]*(b)* provides that the international donor funding must not be subject to tax; and

(c) has been approved by the Minister of Finance as a foreign donor funded project for the purposes of the definition;'';

(c) by the insertion in subsection (1) after the definition of ''grant'' of the following definition:

'' **'implementing agency'** means—

(a) the government of the Republic in the national, provincial or local sphere; or

(b) any institution or body established and appointed by a foreign government, as contemplated in section 10(1)*(b*A*)*(ii) of the Income Tax Act; or

(c) any person who has entered into a contract directly with the party contemplated in paragraph *(a)* or *(b)*,

to implement, operate, administer or manage a foreign donor funded project;''; and

(d) by the substitution in subsection (1) for the definition of ''person'' of the following definition:

'' **'person'** includes any public authority, any municipality, any company, anybody of persons (corporate or unincorporated), the estate of any deceased or insolvent person and any trust fund **[and any foreign donor funded project]**;''.

(2) Subsection (1) comes into operation on 1 April 2020.

Amendment of section 2 of Act 89 of 1991, as amended by section 22 of Act 136 of 1991, paragraph 2 of Government Notice 2695 of 8 November 1991, section 13 of Act 136 of 1992, section 10 of Act 20 of 1994, section 19 of Act 37 of 1996, section 24 of Act 27 of 1997, section 87 of Act 30 of 1998, section 82 of Act 53 of 1999, section 149 of Act 60 of 2001, section 115 of Act 74 of 2002, section 44 of Act 16 of 2004, section 93 of Act 32 of 2004, section 41 of Act 9 of 2006, section 130 of Act 24 of 2011 and section 90 of Act 23 of 2018

67. (1) Section 2 of the Value-Added Tax Act, 1991, is hereby amended by the substitution in subsection (1)*(i)* for the words preceding the proviso of the following words:

''the provision, or transfer of ownership, of a long-term insurance policy, **[or]** the provision or transfer of ownership of reinsurance in respect of any such policy:''.

(2) Subsection (1) comes into operation on 1 April 2020.

Amendment of section 8 of Act 89 of 1991, as amended by section 24 of Act 136 of 1991, paragraph 4 of Government Notice 2695 of 8 November 1991, section 15 of Act 136 of 1992, section 24 of Act 97 of 1993, section 11 of Act 20 of 1994, section 20 of Act 46 of 1996, section 25 of Act 27 of 1997, section 83 of Act 53 of 1999, section 67 of Act 19 of 2001, section 151 of Act 60 of 2001, section 166 of Act 45 of 2003, section 95 of Act 32 of 2004, section 102 of Act 31 of 2005, section 172 of Act 34 of 2005, section 42 of Act 9 of 2006, section 79 of Act 20 of 2006, section 27 of Act 36 of 2007, section 106 of Act 60 of 2008, section 91 of Act 17 of 2009, section 120 of Act 7 of 2010, section 131 of Act 24 of 2011, section 146 of Act 22 of 2012, section 166 of Act 31 of 2013, section 21 of Act 44 of 2014, section 129 of Act 25 of 2015 and section 78 of Act 17 of 2017

68. (1) Section 8 of the Value-Added Tax Act, 1991, is hereby amended—

(a) by the substitution for subsection (5B) of the following subsection:

“(5B) For the purposes of this Act, a vendor, being an implementing agency in respect of a foreign donor funded project, shall be deemed to supply services to the international donor to the extent of the **[international donor]** funding received **[from an international donor]** in terms of an official development assistance agreement.”; and

(b) by the deletion in subsection (25) at the end of paragraph (i) of the word “or”; the substitution at the end of paragraph (ii) for the full stop of the expression “; or” and the addition of the following paragraph:

“(iii) the supply is of fixed property and the supplier and the recipient have agreed in writing that, immediately after the supply, the supplier will lease the fixed property from the recipient.”.

(2) Subsection (1) comes into operation on 1 April 2020.

Amendment of section 8A of Act 89 of 1991, as inserted by section 121 of Act No 7 of 2010 and amended by section 132 of Act 24 of 2011

69. Section 8A of the Value-Added Tax Act, 1991, is hereby amended by the substitution in subsection (2)*(c)* for the words preceding the proviso of the following words:

“any amount contemplated in section **[24JA(5)*(d)*]** 24JA(6)*(a)* of the Income Tax Act paid or payable to the bank by the client shall be deemed to be consideration in respect of an exempt financial service supplied by the bank as contemplated in section 2 (1)*(f)*:”.

Amendment of section 11 of Act 89 of 1991, as amended by section 27 of Act 136 of 1991, Government Notice 2695 of 8 November 1991, section 17 of Act 136 of 1992, section 27 of Act 97 of 1993, section 13 of Act 20 of 1994, section 28 of Act 27 of 1997, section 89 of Act 30 of 1998, section 85 of Act 53 of 1999, section 77 of Act 30 of 2000, section 43 of Act 5 of 2001, section 153 of Act 60 of 2001, section 169 of Act 45 of 2003, section 46 of Act 16 of 2004, section 98 of Act 32 of 2004, section 21 of Act 9 of 2005, section 105 of Act 31 of 2005, section 44 of Act 9 of 2006, section 81 of Act 20 of 2006, section 105 of Act 35 of 2007, section 29 of Act 36 of 2007, Government Notice R.1024 in Government *Gazette* 32664 of 30 October 2009, section 134 of Act 24 of 2011, section 169 of Act 31 of 2013, section 96 of Act 43 of 2014, section 132 of Act 25 of 2015 and section 81 of Act 17 of 2017

70. (1) Section 11 of the Value-Added Tax Act, 1991, is hereby amended by the substitution in subsection (1) after paragraph (*v*) for the colon of the expression “;or” and the addition of the following paragraph:

“*(w)* the goods supplied consist of sanitary towels (pads) as are set forth in Part C of Schedule 2:”.

(2) Subsection (1) is deemed to have come into operation on 1 April 2019.

Amendment of section 24 of Act 89 of 1991, as amended by section 21 of Act 20 of 1994, section 93 of Act 53 of 1999 and section 179 of Act 31 of 2013

71. (1) Section 24 of the Value-Added Tax Act, 1991, is hereby amended by the substitution in subsection (1) for the following subsection:

"(1) Subject to the provisions of subsection (2), every vendor shall cease to be liable to be registered where the Commissioner is satisfied that the total value of the vendor's taxable supplies in the period of 12 months commencing at the beginning of any tax period of the vendor will be not more than the amount referred to in section 23(1) or (1A).".

(2) Subsection (1) is deemed to have come into operation on 1 April 2019.

Amendment of section 50 of Act 89 of 1991, as amended by section 38 of Act 136 of 1991, section 271 of Act 28 of 2011 and section 13 of Act 22 of 2018

72. (1) Section 50 of the Value-Added Tax Act, 1991, is hereby amended—

(a) by the addition to subsection (1) of the following proviso:

": Provided that the activities carried on by a vendor, being an implementing agency, in the course of implementing, operating, administering or managing a foreign donor funded project shall, for the purposes of subsection (2A), be regarded as an enterprise carried on separately from that vendor's other enterprise activities.";

(b) by the substitution for subsection (2) of the following subsection:

"(2) **[The]** Subject to the provisions of subsection (2A), the Commissioner shall, upon application made under subsection (1), register any separate enterprise, branch or division as a separate vendor if each such separate enterprise, branch or division maintains an independent system of accounting and can be separately identified by reference to the nature of the activities carried on or the location of the separate enterprise, branch or division, and where any such separate enterprise, branch or division is so separately registered, the activities carried on by that separate enterprise, branch or division shall be deemed to be carried on by a person separate from the vendor referred to in subsection (1)."; and

(c) by the insertion after subsection (2) of the following subsection:

"(2A) The implementing agency shall be required to make application to the Commissioner to register the activities referred to in the proviso to subsection (1) as a separate branch of the vendor: Provided that the activities in relation to each foreign donor funded project shall be registered as a separate branch of the vendor and such vendor shall maintain an independent system of accounting for each foreign donor funded project.".

(2) Subsection (1) comes into operation on 1 April 2020.

Amendment of section 72 of Act 89 of 1991, as substituted by section 28 of Act 20 of 1994 and by section 271 read with paragraph 146 of Schedule 1 of Act 28 of 2011

73. (1) The following section is hereby substituted for section 72 of the Value-Added Tax Act, 1962:

"**Decisions to overcome difficulties, anomalies or incongruities**

72. (1) If in any case the Commissioner is satisfied that in consequence of the manner in which any vendor or class of vendors conducts his, her or their business, trade or occupation, difficulties, anomalies or incongruities have arisen or may arise in regard to the application of any of the provisions of this Act and similar difficulties, anomalies or incongruities have arisen or may arise for any other vendor or class of vendors of the same kind or who make similar supplies of goods or services, the Commissioner may make a decision as to—

(a) the manner in which such provisions shall be applied; or

(b) the calculation or payment of tax provided in this Act,

in the case of such vendor or class of vendors or any person transacting with such vendor or class of vendors as appears to overcome such difficulties, anomalies or incongruities: Provided that such decision shall not—

(i) have the effect of reducing or increasing the liability for tax levied under this Act; or

(ii) be contrary to the construct and policy intent of this Act as a whole or any specific provision in this Act.

(2) Sections 75, 81, 83, 84, 85, 86, 87, 89 and 90 of the Tax Administration Act apply *mutatis mutandis* to a decision under subsection (1) and for this purpose the definitions of a 'binding class ruling' and a 'binding private ruling' are not limited to a 'proposed transaction'.

(3) The Commissioner may publish by public notice a list of transactions or matters in respect of which the Commissioner may decline to make a decision.''.

(2) Subsection (1) is deemed to have come into operation on 21 July 2019 and applies in respect of all applications made on or after that date.

(3) An arrangement or decision made in terms of section 72 of the Value-Added Tax Act, 1991 (Act No. 89 of 1991), in respect of an application made before 21 July 2019 that—

(a) ceases to be effective on or before 31 December 2021, may be reconfirmed by the Commissioner for the South African Revenue Service, on application by the vendor in whose favour the arrangement or decision was made: Provided that—

(i) the effective period of the reconfirmed arrangement or decision may not extend beyond 31 December 2021;

(ii) for purposes of the application to reconfirm such arrangement or decision, the wording of section 72 of the Value-Added Tax Act, 1991 (Act No. 89 of 1991), prior to the amendment in subsection (1) shall apply;

(iii) the application to reconfirm such arrangement or decision must be received by the Commissioner no later than two months prior to the expiry date of such decision or, in exceptional circumstances, such other date acceptable to the Commissioner; and

(b) ceases to be effective after 31 December 2021 or that does not specify an effective period, shall cease to be effective on 31 December 2021.

(4) An arrangement or decision made in terms of section 72 of the Value-Added Tax Act, 1991 (Act No. 89 of 1991), which constituted a binding general ruling and ceases to be effective on or after 21 July 2019 or does not specify an effective period, shall cease to be effective on 31 December 2021.

(5) The amendment in subsection (1) is deemed not to be a subsequent change in law for purposes of section 85 of the Tax Administration Act, 2011 (Act No. 28 of 2011), in respect of an arrangement or decision referred to in subsection (3) or (4).

(6) Subsections (3), (4) and (5) are deemed to have come into operation on 21 July 2019.

Amendment of Schedule 1 of Act 89 of 1991, as amended by section 48 of Act 136 of 1991, section 43 of Act 136 of 1992, Government Notice 2244 of 31 July, 1992, section 44 of Act 97 of 1993, Government Notice 1955 of 7 October 1993, section 32 of Act 20 of 1994, section 32 of Act 37 of 1996, section 53 of Act 27 of 1997, substituted by section 177 of Act 60 of 2001, amended by section 58 of Act 30 of 2002, section 121 of Act 74 of 2002, Government Notice R.111 in Government *Gazette* 24274 of 17 January 2003, section 189 of Act 45 of 2003, section 52 of Act 16 of 2004, section 53 of Act 16 of 2004, section 54 of Act 16 of 2004, section 55 of Act 16 of 2004, section 108 of Act 32 of 2004, section 111 of Act 31 of 2005, section 112 of Act 31 of 2005, section 113 of Act 31 of 2005, section 114 of Act 31 of 2005, section 115 of Act 31 of 2005, section 116 of Act 31 of 2005, section 117 of Act 31 of 2005, section 118 of Act 31 of 2005, section 119 of Act 31 of 2005, section 120 of Act 31 of 2005, section 121 of Act 31 of 2005, section 122 of Act 31 of 2005, section 123 of Act 31 of 2005, section 52 of Act 9 of 2006, section 53 of Act 9 of 2006, section 89 of Act 20 of 2006, section 85 of Act 8 of 2007, Government Notice R.958 in Government *Gazette* 30370 of 12 October 2007, section 107 of Act 35 of 2007 and Government Notice R.766 in Government *Gazette* 32416 of 24 July 2009, Government Notices R.154 and R.157 in Government *Gazette* 34046 of 1 March

2011, section 143(1) of Act 24 of 2011, Government Notice R.187 in Government *Gazette* 35102 of 2 March 2012, Government Notice R.506 in Government *Gazette* 35481 of 6 July 2012, Government Notice 995 in Government *Gazette* 35932 of 7 December 2012, Government Notice R.1072 in Government *Gazette* 36002 of 14 December 2012, section 181(1) of Act 31 of 2013, Government Notice R.288 in Government *Gazette* 37554 of 17 April 2014, Government Notice R.723 in Government *Gazette* 39100 of 14 August 2015 and section 87 of Act 15 of 2016

74. (1) Schedule 1 to the Value-Added Tax Act, 1991, is hereby amended by the substitution in paragraph (7)*(c)* after item (iv) for the full stop of the expression ";or" and the addition of the following subparagraph:

"*(d)* goods referred to in section 11(1)(*w*), referred to in Chapter 96 in Part I of Schedule No. 1 to the Customs and Excise Act under subheading 9619.00: 'Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material:' limited to goods referred to in item No.—
- (i) 9619.00.02: Sanitary towels (pads), of wadding of textile material
- (ii) 9619.00.03: Pantyliners, of wadding of textile materials;
- (iii) 9619.00.11: Sanitary towels (pads), of paper pulp, paper, cellulose wadding or webs of cellulose fibres;
- (iv) 9619.00.12: Pantyliners, of paper pulp, paper, cellulose wadding or webs of cellulose fibres;
- (v) 9619.00.21: Sanitary towels (pads), of other materials of heading 39.01 to 39.14;
- (vi) 9619.00.41: Sanitary towels (pads), made up from knitted or crocheted textile material;
- (vii) 9619.00.42: Pantyliners, made up from knitted or crocheted textile material;
- (viii) 9619.00.91: Other, sanitary towels (pads) and pantyliners.".

(2) Subsection (1) is deemed to have come into operation on 1 April 2019.

Amendment of Schedule 2 to Act 89 of 1991, as amended by section 49 of Act 136 of 1991, paragraph 25 of Government Notice 2695 of 8 November 1991, section 44 of Act 136 of 1992, section 45 of Act 97 of 1993, section 33 of Act 20 of 1994, section 104 of Act 30 of 1998, section 73 of Act 19 of 2001, section 56 of Act 16 of 2004, section 108 of Act 43 of 2014, section 87 of Act 17 of 2017 and section 14 of Act 21 of 2018

75. (1) Schedule 2 to the Value-Added Tax Act, 1991, is hereby amended—
(a) by the deletion in Part B of Item 22; and
(b) by the addition after Part B of the following part:

"**PART C**

(SECTION 11(1)*(w)* OF THIS ACT)

Item 1 Goods referred to in section 11(1)(*w*), referred to in Chapter 96 in Part I of Schedule No. 1 to the Customs and Excise Act under subheading 9619.00: 'Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material:' limited to goods referred to in item No.—
- (i) 9619.00.02: Sanitary towels (pads), of wadding of textile material;
- (ii) 9619.00.03: Pantyliners, of wadding of textile materials;
- (iii) 9619.00.11: Sanitary towels (pads), of paper pulp, paper, cellulose wadding or webs of cellulose fibres;
- (iv) 9619.00.12: Pantyliners, of paper pulp, paper, cellulose wadding or webs of cellulose fibres;
- (v) 9619.00.21: Sanitary towels (pads), of other materials of heading 39.01 to 39.14;
- (vi) 9619.00.41: Sanitary towels (pads), made up from knitted or crocheted textile material;
- (vii) 9619.00.42: Pantyliners, made up from knitted or crocheted textile material; and
- (viii) 9619.00.91: Other, sanitary towels (pads) and pantyliners.".

(2) Subsection (1) is deemed to have come into operation on 1 April 2019.

Amendment of section 1 of Act 25 of 2007, as amended by section 145 of Act 24 of 2011, section 153 of Act 22 of 2012, section 110 of Act 43 of 2014, section 137 of Act 25 of 2015, section 90 of Act 15 of 2016 and section 90 of Act 17 of 2017

76. Section 1 of the Securities Transfer Tax Act, 2007, is hereby amended—

(a) by the substitution in the definition of ''collateral arrangement'' for paragraphs *(d)* and *(e)* of the following paragraphs:

''*(d)* that transferee is contractually required to compensate that transferor for any distributions in respect of the listed share (or any other share that is substituted for that listed share in terms of an arrangement that is announced and released as a corporate action as contemplated in the JSE Limited **[Listing]** Listings Requirements in the SENS (Stock Exchange News Service) as defined in the JSE Limited **[Listing]** Listings Requirements) or a corporate action as contemplated in the listings requirements of any other exchange, licenced under the Financial Markets Act, that are substantially the same as the requirements prescribed by the JSE Limited Listings Requirements, where that corporate action complies with the applicable requirements of that exchange or any bond issued by the government of the Republic in the national or local sphere or any sphere of government of any country other than the Republic that is listed on a recognised exchange as defined in paragraph 1 of the Eighth Schedule to the Income Tax Act, which that transferor would have been entitled to receive during that period had that arrangement not been entered into; and

(e) that arrangement does not affect the transferor's benefits or risks arising from fluctuations in the market value of that listed share (or any other share that is substituted for that listed share in terms of an arrangement that is announced and released as a corporate action as contemplated in the JSE Limited **[Listing]** Listings Requirements in the SENS (Stock Exchange News Service) as defined in the JSE Limited **[Listing]** Listings Requirements) or a corporate action as contemplated in the listings requirements of any other exchange, licenced under the Financial Markets Act, that are substantially the same as the requirements prescribed by the JSE Limited Listings Requirements, where that corporate action complies with the applicable requirements of that exchange or any bond issued by the government of the Republic in the national or local sphere or any sphere of government of any country other than the Republic that is listed on a recognised exchange as defined in paragraph 1 of the Eighth Schedule to the Income Tax Act,''; and

(b) by the substitution in the definition of ''collateral arrangement'' for the words following paragraph *(e)* of the following words:

''but does not include an arrangement where the transferee has not transferred the identical share or bond contemplated in paragraph *(b)* to the transferor within the period referred to in that paragraph unless such failure to return such identical share or bond is due to an arrangement that is announced and released as a corporate action as contemplated in the JSE Limited **[Listing]** Listings Requirements in the Stock Exchange News Service as defined in the JSE Limited **[Listing]** Listings Requirements or a corporate action as contemplated in the listings requirements of any other exchange, licenced under the Financial Markets Act, that are substantially the same as the requirements prescribed by the JSE Limited Listings Requirements, where that corporate action complies with the applicable requirements of that exchange;''.

Amendment of section 8 of Act 25 of 2007, as amended by section 73 of Act 3 of 2008, section 127 of Act 60 of 2008, section 97 of Act 17 of 2009, section 127 of Act 7 of 2010, section 148 of Act 24 of 2011, section 155 of Act 22 of 2012, section 183 of Act 31 of 2013, section 138 of Act 25 of 2015 and section 15 of Act 22 of 2018

77. Section 8 of the Securities Transfer Tax Act, 2007, is hereby amended—

(a) by the substitution in subsection (1) for paragraph *(n)* of the following paragraph:

"*(n)* if that security is an unlisted security which in terms of the Transfer Duty Act, 1949 (Act No. 40 of 1949), constitutes a transaction for the acquisition of property that is subject to transfer duty or constitutes a supply of goods that is subject to value-added tax under the Value-Added Tax Act, 1991 (Act No. 89 of 1991);";

(b) by the deletion in subsection (1) of paragraph *(o)*; and

(c) by the substitution in subsection (1) after paragraph *(u)* for the full stop of the expression "; or" and the addition of the following paragraph:

"*(v)* if that security is transferred to a bank, if that bank is not resident in the Republic and is entrusted by the Government of a territory outside the Republic with the custody of the principal foreign exchange reserves of that territory.".

Amendment of section 1 of Act 26 of 2013

78. (1) Section 1 of the Employment Tax Incentive Act, 2013, is hereby amended by the substitution in subsection (1) for the definition of "special economic zone" of the following definition:

" **'special economic zone'** means a special economic zone **[designated by the Minister of Trade and Industry pursuant to an Act of Parliament]** as defined in section 12R(1) of the Income Tax Act;".

(2) Subsection (1) comes into operation on 1 March 2020.

Amendment of section 4 of Act 26 of 2013

79. (1) Section 4 of the Employment Tax Incentive Act, 2013, is hereby amended—

(a) by the substitution in subsection (1) for paragraph *(a)* of the following paragraph:

"*(a)* the higher of the amount payable by virtue of a wage regulating measure applicable to that employer or the amount contemplated in section 4(1) of the National Minimum Wage Act, 2018 (Act No. 9 of 2018), or Schedule 2 to that Act; or"; and

(b) by the substitution in subsection (1)*(b)* for the words preceding subparagraph (i) of the following words:

"if the amount of the wage payable to an employee by an employer is not subject to any wage regulating measure or not subject to section 3 of the National Minimum Wage Act, 2018 (Act No. 9 of 2018), or exempt under section 15 of that Act—".

(2) Subsection (1) is deemed to have come into operation on 1 August 2019.

Amendment of section 6 of Act 26 of 2013

80. (1) Section 6 of the Employment Tax Incentive Act, 2013, is hereby amended—

(a) by the substitution in paragraph *(a)* for subparagraph (ii) of the following subparagraph:

"(ii) is employed by an employer that is a qualifying company as contemplated in section 12R of the Income Tax Act, **[operating through a fixed place of business located within a special economic zone designated by notice by the Minister of Finance in the *Gazette*]** and that employee renders services to that employer mainly within **[that]** the special economic zone in which the qualifying company that is the employer carries on trade; or"; and *(b)* by the substitution for paragraph *(g)* of the following paragraph:

"*(g)* receives remuneration in an amount less than **[R6 000]** <u>R6 500</u> in respect of a month.".

(2) Paragraph *(a)* of subsection (1) comes into operation on 1 March 2020.

(3) Paragraph *(b)* of subsection (1) is deemed to have come into operation on 1 March 2019.

Amendment of section 7 of Act 26 of 2013, as amended by section 116 of Act 43 of 2014, section 95 of Act 15 of 2016 and section 92 of Act 17 of 2017

81. (1) The following section is hereby inserted in the Employment Tax Incentive Act, 2013, after section 7:

"**Minister may announce altered amounts**

7A. (1) The Minister of Finance may announce in the national annual budget contemplated in section 27(1) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), that, with effect from a date or dates mentioned in that announcement, the amounts stipulated in section 4, 5, 6 or 7 will be altered to the extent mentioned in the announcement.

(2) If the Minister of Finance makes an announcement of an alteration contemplated in subsection (1), that alteration comes into effect on the date or dates determined by the Minister of Finance in that announcement and continues to apply for a period of 12 months from that date subject to Parliament passing legislation giving effect to that announcement within that period of 12 months.".

(2) Subsection (1) is deemed to have come into operation on 20 February 2019.

Amendment of section 13 of Act 31 of 2013, as amended by section 144 of Act 25 of 2015, section 98 of Act 15 of 2016 and section 93 of Act 17 of 2017

82. (1) Section 13 of the Taxation Laws Amendment Act, 2013, is hereby amended by the substitution for subsection (2) of the following subsection:

"<u>(2) Subsection (1) comes into operation on 1 January 2021 and applies in respect of amounts incurred on or after that date.</u>".

(2) Subsection (1) is deemed to have come into operation on 12 December 2013.

Amendment of section 15 of Act 31 of 2013, as amended by section 145 of Act 25 of 2015, section 99 of Act 15 of 2016 and section 94 of Act 17 of 2017

83. (1) Section 15 of the Taxation Laws Amendment Act, 2013, is hereby amended by the substitution for subsection (2) of the following subsection:

"<u>(2) Subsection (1) comes into operation on 1 January 2021 and applies in respect of amounts incurred on or after that date.</u>".

(2) Subsection (1) is deemed to have come into operation on 12 December 2013.

Amendment of section 62 of Act 31 of 2013

84. (1) Section 62 of the Taxation Laws Amendment Act, 2013, is hereby amended by the substitution for subsection (2) of the following subsection:

"<u>(2) Subsection (1) comes into operation on 1 January 2021 and applies in respect of amounts of interest incurred on or after that date.</u>".

(2) Subsection (1) is deemed to have come into operation on 12 December 2013.

Amendment of section 18 of Act 25 of 2015

85. (1) Section 18 of the Taxation Laws Amendment Act, 2015, is hereby amended—

(a) by the deletion in subsection (1) of paragraph *(i)*; and

(b) by the substitution for subsection (2) of the following subsection:

"(2) **[Paragraphs *(a)* and *(i)*]** <u>Paragraph *(a)*</u> of subsection (1) **[come]** <u>comes</u> into operation on a date determined by the Minister of Finance in the *Gazette*.".

(2) Subsection (1) is deemed to have come into operation on 8 January 2016.

Amendment of section 37 of Act 25 of 2015

86. (1) Section 37 of the Taxation Laws Amendment Act, 2015, is hereby amended by the substitution in subsection (1) for paragraph *(a)* of the following paragraph:

"*(a)* by the substitution in subsection (1) for paragraph *(a)* of the following paragraph:

'*(a)* in the case of trading stock other than trading stock contemplated in paragraph *(b)*, the cost price to such person of such trading stock, less such amount **[as the Commissioner may think just and reasonable]** as **[representing]** represents the amount by which the value of such trading stock, not being any financial instrument, has been diminished by reason of damage, deterioration, change of fashion, decrease in the market value or for any other reason **[satisfactory to the Commissioner]** listed in a public notice issued by the Commissioner, Provided that for the purposes of this subsection—

(i) the amount of trading stock must be taken into account in determining taxable income by including such amount in gross income; and

(ii) in determining any diminution in the value of trading stock, no account must be taken of the fact that the value of some items of trading stock held and not disposed of by the taxpayer may exceed their cost price; and' ".

(2) Subsection (1) is deemed to have come into operation on 8 January 2016.

Amendment of section 32 of Act 15 of 2016

87. (1) Section 32 of the Taxation Laws Amendment Act, 2016, is hereby amended by the substitution for subsection (2) of the following subsection:

"(2) Subsection (1) comes into operation on 21 July 2019 and applies in respect of any taxpayer to whom that venture capital company has issued any venture capital shares for the first time on or after that date.".

(2) Subsection (1) is deemed to have come into operation on 19 January 2017.

Amendment of section 29 of Act 23 of 2018

88. (1) Section 29 of the Taxation Laws Amendment Act, 2018, is hereby amended by the substitution for subsection (6) of the following subsection:

"(6) Paragraph *(j)* of subsection (1) comes into operation on **[24 October 2018]** 21 July 2019 and applies in respect of any share issued on or after that date.".

(2) Subsection (1) is deemed to have come into operation on 17 January 2019.

Amendment of section 1 of Act 15 of 2019

89. (1) Section 1 of the Carbon Tax Act, 2019, is hereby amended by the addition in subsection (1) to the definition of "person" after paragraph *(d)* of the following paragraph:

"*(e)* a municipality which falls within a category listed in section 155(1) of the Constitution of the Republic of South Africa, 1996, and which is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);".

(2) Subsection (1) is deemed to have come into operation on 1 June 2019.

Amendment of section 3 of Act 15 of 2019

90. (1) Section 3 of the Carbon Tax Act, 2019, is hereby amended by the substitution for the words following paragraph *(b)* of the following words:

"if that person conducts an activity in the Republic, resulting in greenhouse gas emissions, equal to or above the threshold determined by matching the activity listed in the column 'Activity/Sector' in Schedule 2 with the number in the corresponding line of the column 'Threshold' of that table.".

(2) Subsection (1) is deemed to have come into operation on 1 June 2019.

Amendment of section 4 of Act 15 of 2019

91. (1) Section 4 of the Carbon Tax Act, 2019, is hereby amended—

(a) by the substitution for subsection (1) of the following subsection:

"(1) **[The]** Notwithstanding subsection (2), the carbon tax must be levied in respect of the sum of the greenhouse gas emissions of a taxpayer in respect of a tax period expressed as the carbon dioxide equivalent of those greenhouse gas emissions resulting from fuel combustion and industrial processes, and fugitive emissions in accordance with **[the emissions factors determined in accordance with a reporting]** an emissions determination methodology approved by the Department of Environmental Affairs.";

(b) by the substitution in subsection (2) for the words preceding paragraph *(a)* of the following words:

"**[If a reporting methodology approved by the Department of Environmental Affairs for the purposes of determining emission factors does not exist]** Where a taxpayer uses an emissions determination methodology in respect of the sum of the greenhouse gas emissions of a taxpayer in respect of a tax period—

(a) employing readily available statistical data on the intensity of processes (activity data) and emission factors as specified in the 'IPCC Guidelines For National Greenhouse Gas Inventories' (2006)); or

(b) employing the statistical data and emission factors as specified in paragraph *(a)* including country-specific emission factors,

in respect of **[the calculation of]** greenhouse gas emissions resulting from fuel combustion, and industrial processes, and fugitive emissions the carbon tax must be levied in respect of the sum of the greenhouse gas emissions of a taxpayer in respect of a tax period expressed as the carbon dioxide equivalent of those greenhouse gas emissions resulting from—";

(c) by the substitution in subsection (2)*(a)*(iii) for the formula of the following formula:

$$\text{"}\mathbf{X = \{[(C\ x\ 1) + (M\ x\ 23) + (N\ x\ 296)]\ x\ D\}/Y}\text{"};$$

(d) by the deletion in subsection (2)*(a)*(iii) after item *(dd)* of the word "and", the insertion of that word after item *(ee)* and the addition of the following item:

"*(ff)* **'Y'** represents the number 1000;";

(e) by the substitution in subsection (2)*(a)*(iii) for item *(ee)* of the following item:

"*(ee)* 'D' represents the net default calorific value (terajoule per tonne) of a fuel type determined by matching the fuel type listed in the column 'fuel type' in Table 1 of Schedule 1 with the number in the corresponding line of the column 'DEFAULT CALORIFIC NET VALUE (TJ/TONNE)' of that table;";

(f) by the substitution in subsection (2)*(b)* for item (iii) of the following item:

"(iii) **'Q'** represents the greenhouse gas emission factor in carbon dioxide equivalent per tonne or cubic metres**—**

(aa) in the case of oil and natural gas, that must be determined in accordance with the formula:

$$\mathbf{X = [(C\ x\ 1) + (M\ x\ 23) + (N\ x\ 296)]\ x\ Y}$$

in which formula—

[***(aa)***]*(a)* **'X'** represents the number to be determined;

[***(bb)***]*(b)* **'C'** represents the carbon dioxide emissions of a fuel type determined by matching the fuel type listed in the column 'fuel type' in Table 2 of Schedule 1 with the number in the corresponding line of the column 'CO_2' of that table;

[***(cc)***]*(c)* **'M'** represents the methane emissions of a fuel type determined by matching the fuel type listed in the column 'fuel type' in Table 2 of Schedule 1 with the number in the corresponding line of the column 'CH_4' of that table;

[***(dd)***]*(d)* **'N'** represents the Nitrous Oxide emissions of a fuel type determined by matching the fuel type listed in the column 'fuel type' in Table 2 of Schedule 1 with the number in the corresponding line of the column ‘N_2O’ of that table;

(e) **‘Y’** represents the number 1000; and

(bb) in the case of coal mining and handling, that must be determined in accordance with the formula:

$$\mathbf{X = (M \times D \times 23) \times Y}$$

in which formula—

(a) **‘X’** represents the number to be determined;

(b) **‘M’** represents the methane emissions of a fuel type determined by matching the fuel type listed in the column ‘fuel type’ in Table 2 of Schedule 1 with the number in the corresponding line of the column ‘CH_4’ of that table;

(c) **‘D’** represents the density factor for coal mining and handling methane emissions (0.67 x 10^{-6} Gg/ m^3);

(d) **‘Y’** represents the number 1000; and”; and

(g) by the substitution in subsection (2)*(c)*(iii) for items *(bb)* to *(gg)* of the following items:

“*(bb)* **‘C’** represents the carbon dioxide emissions of a raw material or product determined by matching the fuel type listed in the column ‘SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT’ in Table 3 of Schedule 1 with the number in the corresponding line of the column **‘tonneCO_2/tonne product’** of that table;

(cc) **‘M’** represents the methane emissions of a raw material or product determined by matching the fuel type listed in the column ‘SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT’ in Table 3 of Schedule 1 with the number in the corresponding line of the column **‘tonneCH_4/tonne product’** of that table;

(dd) **‘N’** represents the Nitrous Oxide emissions of a raw material or product determined by matching the fuel type listed in the column ‘SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT’ in Table 3 of Schedule 1 with the number in the corresponding line of the column **‘tonneN_2O/tonne product’** of that table;

(ee) **‘H’** represents the Hexafluoroethane (C_2F_6) emissions of a raw material or product determined by matching the fuel type listed in the column ‘SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT’ in Table 3 of Schedule 1 with the number in the corresponding line of the column **‘tonneC_2F_6/tonne product’** of that table;

(ff) **‘T’** represents the carbon tetrafluoride (CF_4) emissions of a raw material or product determined by matching the fuel type listed in the column ‘SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT’ in Table 3 of Schedule 1 with the number in the corresponding line of the column **‘tonneCF_4/tonne product’** of that table; and

(gg) **‘S’** represents the Sulphur hexafluoride (SF_6) emissions of a raw material or product determined by matching the fuel type listed in the column ‘SOURCE CATEGORY ACTIVITY / RAW MATERIAL / PRODUCT’ in Table 3 of Schedule 1 with the number in the corresponding line of the column **‘tonneSF_6/tonne product’** of that table.”.

(2) Subsection (1) is deemed to have come into operation on 1 June 2019.

Amendment of section 5 of Act 15 of 2019

92. (1) Section 5 of the Carbon Tax Act, 2019, is hereby amended by the substitution for subsections (2) and (3) of the following subsections:

“(2) The rate of tax specified in subsection (1) must be increased by **[the amount of the consumer price inflation plus two per cent for the preceding tax period]** an amount equal to a percentage equal to the change in the November consumer price index as determined by Statistics South Africa that falls within the previous tax period compared with the November consumer price index that falls within the tax period, until 31 December 2022, plus two percentage points.

(3) The rate of tax must be increased after 31 December 2022 by **[the amount of the consumer price inflation for the preceding tax year]** an amount equal to a percentage equal to the change in the November consumer price index as determined by Statistics South Africa that falls within the previous tax period compared with the November consumer price index that falls within the tax period prior to the previous tax year.''.

(2) Subsection (1) is deemed to have come into operation on 1 June 2019.

Amendment of section 6 of Act 15 of 2019

93. (1) Section 6 of the Carbon Tax Act, 2019, is hereby amended by the substitution in subsection (1) for paragraph *(h)* of the following paragraph:

''*(h)* 'J' represents a number equal to the sum of the percentages of the allowances determined under sections 7, 8, 10, 11, 12 and 13 in respect of that tax period, subject to section 14;''.

(2) Subsection (1) is deemed to have come into operation on 1 June 2019.

Amendment of section 7 of Act 15 of 2019

94. (1) The following section is hereby substituted for section 7 of the Carbon Tax Act, 2019:

''**[Allowance for fossil fuel combustion] Basic tax-free allowance**

7. (1) A taxpayer that conducts an activity **[in respect of fuel combustion emissions]** that is listed in Schedule 2 in the column 'Activity/Sector' must receive an allowance in respect of those emissions, determined in terms of subsection (2).

(2) The percentage of the allowance referred to in subsection (1) must be calculated by matching the line in which the activity is contained in the column 'Activity/Sector' with the corresponding line in the column 'Basic tax-free allowance **[for fossil fuel combustion emissions]** %' in Schedule 2 of the total percentage of greenhouse gas emissions in respect of a tax period in respect of that activity.''.

(2) Subsection (1) is deemed to have come into operation on 1 June 2019.

Amendment of section 8 of Act 15 of 2019

95. (1) Section 8 of the Carbon Tax Act, 2019, is hereby amended by the substitution for subsection (2) of the following subsection:

''(2) The percentage of the allowance referred to in subsection (1) must be **[calculated by matching the line in which the activity is contained in the column 'Activity/Sector' with the corresponding line in the column 'Basic tax-free allowance for process emissions allowance %' in Schedule 2]** 10 per cent of the total **[percentage of]** greenhouse gas emissions in respect of a tax period in respect of that activity.''.

(2) Subsection (1) is deemed to have come into operation on 1 June 2019.

Amendment of section 9 of Act 15 of 2019

96. (1) The following section is hereby substituted for section 9 of the Carbon Tax Act, 2019:

''**Allowance in respect of fugitive emissions**

9. [(1)] A taxpayer that conducts an activity that is listed in Schedule 2 in the column 'Activity/Sector'' must receive an allowance in respect of fugitive emissions **[in a percentage determined in terms of subsection (2).**

(2) The allowance referred to in subsection (1) must be determined by matching the line in which the activity is contained in the column "Activity/Sector" with the corresponding line in the column "Fugitive emissions allowance %" in Schedule 2 in respect] equal to 10 per cent of the total **[percentage of]** greenhouse gas emissions in respect of the tax period in respect of that activity.''.

(2) Subsection (1) is deemed to have come into operation on 1 June 2019.

Amendment of section 13 of Act 15 of 2019

97. (1) Section 13 of the Carbon Tax Act, 2019, is hereby amended by the substitution for subsection (1) of the following subsection:

''(1) Subject to subsection (2), a taxpayer **[must]** may reduce the amount in respect of the carbon tax for which the taxpayer is liable in respect of a tax period by utilising carbon offsets as prescribed by the Minister.''.

(2) Subsection (1) is deemed to have come into operation on 1 June 2019.

Amendment of Schedule 1 to Act 15 of 2019

98. (1) The Schedule 1 of the Carbon Tax Act, 2019, is hereby amended by the substitution for Table 1 of the following table:

Schedule 1

Table 1

Fuel Combustion Emission Factors

STATIONARY SOURCE CATEGORY

FUEL TYPE	CO_2 ($KGCO_2/TJ$)	CH_4 ($KGCH_4/TJ$)	N_2O (KGN_2O/TJ)	DEFAULT NET CALORIFIC VALUE (TJ/TONNE)		
				NET CALORIFIC VALUE	LOWER LIMIT OF THE 95% CONFIDENCE INTERVAL	UPPER LIMIT OF THE 95% CONFIDENCE INTERVAL
ANTHRACITE	98 300	1	1.5	0.0267	0.0216	0.0322
AVIATION GASOLINE	70 000	3	0.6	0.0443	0.0425	0.0448
BIODIESEL	0	3	0.6	0.027	0.0136	0.054
BIOGASOLINE	0	3	0.6	0.027	0.0136	0.054
BITUMEN	80 700	3	0.6	0.0402	0.0335	0.0412
BLAST FURNACE GAS	260 000	1	0.1	0.00247	0.0012	0.005
DIESEL	74 100	3	0.6	0.043	0.0414	0.0433
BROWN COAL BRIQUETTES	97 500	1	1.5	0.0207	0.0151	0.032
CHARCOAL	0	200	4	0.0295	0.0149	0.058
COAL TAR	80 700	1	1.5	0.028	0.0141	0.055
COKE OVEN COKE AND LIGNITE COKE	107 000	1	1.5	0.0282	0.0251	0.0302
COKE OVEN GAS	44 400	1	0.1	0.0387	0.0196	0.077
COKING COAL	94 600	1	1.5	0.0282	0.024	0.031
CRUDE OIL	73 300	3	0.6	0.0438	0.0401	0.0448
DIESEL	74 100	3	0.6	0.0381	0	0
ETHANE	61 600	1	0.1	0.0464	0.0449	0.0488
GAS COKE	107 000	1	0.1	0.0173	0.0251	0.0302
GAS WORKS GAS	44 400	1	0.1	0.0387	0.0196	0.077
INDUSTRIAL WASTES	143 000	30	4	N/A	N/A	N/A
JET GASOLINE	70 000	3	0.6	0.0443	0.0425	0.0448
JET KEROSENE	71 500	3	0.6	0.0441	0.042	0.045
LANDFILL GAS	0	1	0.1	0.0504	0.0254	0.1

FUEL TYPE	**CO_2 ($KGCO_2/TJ$)**	**CH_4 ($KGCH_4/TJ$)**	**N_2O (KGN_2O/TJ)**	**DEFAULT NET CALORIFIC VALUE (TJ/TONNE)**		
LIGNITE	101 000	1	1.5	0.0119	0.0055	0.0216
LIQUEFIED PETROLEUM GASES	63 100	1	0.1	0.0473	0.0448	0.0522
LUBRICANTS	73 300	3	0.6	0.0402	0.0335	0.0423
MUNICIPAL WASTES (BIOMASS FRACTION)	0	30	4	0.0116	0.0068	0.018
MUNICIPAL WASTES (NON BIOMASS FRACTION)	91 700	30	4	0.01	0.007	0.018
NAPHTHA	73 700	3	0.6	0.0445	0.0418	0.0465
NATURAL GAS	56 100	1	0.1	0.048	0.0465	0.0504
NATURAL GAS LIQUIDS	64 200	3	0.6	0.041	0.0409	0.0469
OIL SHALE AND TAR SANDS	107 000	1	1.5	0.0089	0.0071	0.0111
ORIMULSION	77 000	3	0.6	0.0275	0.0275	0.0283
OTHER BIOGAS	0	1	0.1	0.0504	0.0254	0.1
OTHER BITUMINOUS COAL	94 600	1	1.5	0.0243	0.0199	0.0305
OTHER KEROSENE	71 900	3	0.6	0.037	0	0
OTHER LIQUID BIOFUELS	0	3	0.6	0.0274	0.0138	0.054
OTHER PETROLEUM PRODUCTS	73 300	3	0.6	0.0402	0.0337	0.0482
OTHER PRIMARY SOLID BIOMASS	0	30	4	0.0116	0.0059	0.023
OXYGEN STEEL FURNACE GAS	182 000	1	0.1	0.00706	0.0038	0.0 15
PARAFFIN	71 900	3	0.6	0.0438	0.0424	0.0452
PARAFFIN WAXES	73 300	3	0.6	0.0402	0.0337	0.0482
PATENT FUEL	97 500	1	1.5	0.0207	0.0151	0.032
PEAT	0	1	1.5	0.00976	0.0078	0.0125
PETROL	69 300	3	0.6	0.0443	0.0425	0.0448
PETROLEUM COKE	97 500	3	0.6	0.0325	0.0297	0.0419
REFINERY FEEDSTOCK	73 300	3	0.6	0.043	0.0363	0.0464
REFINERY GAS	57 600	1	0.1	0.0495	0.0475	0.0506
RESIDUAL FUEL OIL (HEAVY FUEL OIL)	77 400	3	0.6	0.0404	0.0398	0.0417
SHALE OIL	73 300	3	0.6	0.0381	0.0321	0.0452
SLUDGE GAS	0	1	0.1	0.0504	0.0254	0.1
SUB-BITUMINOUS COAL	96 100	1	1.5	0.0192	0.0115	0.026
SULPHITE LYES (BLACK LIQUOR)	0	3	2	0.0118	0.0059	0.023
WASTE OILS	73 300	30	4	0.0402	0.0203	0.08
WHITE SPIRIT AND SBP	73 300	3	0.6	0.0402	0.0337	0.0482
WOOD/WOOD WASTE	0	30	4	0.0156	0.0079	0.031

NON-STATIONARY/ MOBILE SOURCE CATEGORY ACTIVITY

FUEL TYPE	**CO_2 ($KGCO_2/TJ$)**	**CH_4 ($KGCH_4/TJ$)**	**N_2O (KGN_2O/TJ)**	**DEFAULT NET CALORIFIC VALUE (TJ/TONNE)**		
				NET CALORIFIC VALUE	**LOWER LIMIT OF THE 95% CONFIDENCE INTERVAL**	**UPPER LIMIT OF THE 95% CONFIDENCE INTERVAL**
AVIATION GASOLINE	70 000	3	0.6	0.0443	0.0425	0.0448
COMPRESSED NATURAL GAS	56 100	92	3	N/A	N/A	N/A
DIESEL	74 100	4.15	28.6	0.0381	0	0
DIESEL — (OCEAN-GOING SHIPS)	74 100	7	2	0.0381	0	0
DIESEL — RAIL	74 100	4.5	28.6	0.0381	0	0
JET KEROSENE	71 500	0.5	2	0.0441	0.042	0.045
KEROSENE	71 500	3	0.6	0.037	0	0
LIQUIFIED NATURAL GASES	56 100	92	3	N/A	N/A	N/A
LIQUEFIED PETROLEUM GASES	63 100	62	0.2	0.0473	0.0448	0.0522

FUEL TYPE	CO_2 ($KGCO_2/TJ$)	CH_4 ($KGCH_4/TJ$)	N_2O (KGN_2O/TJ)	DEFAULT NET CALORIFIC VALUE (TJ/TONNE)		
LUBRICANTS	73 300	3	0.6	0.0402	0.0335	0.0423
NATURAL GAS	56 100	92	3	0.048	0.0465	0.0504
(PARAFFIN) OTHER KEROSENE	71 900	3	0.6	0.0438	0.0424	0.0452
OTHER PETROLEUM PRODUCTS	73 300	3	0.6	0.0402	0.0337	0.0482
PARAFFIN WAXES	73 300	3	0.6	0.0402	0.0337	0.0482
PETROL	69 300	3.5	5.7	0.0443	0.0425	0.0448
REFINERY GAS	57 600	1	0.1	0.0495	0.0475	0.0506
RESIDUAL FUEL OIL — (HEAVY FUEL OIL)	77 400	7	2	0.0404	0.0398	0.0417
SUB-BITUMINOUS COAL	96 100	2	1.5	0.0192	0.0115	0.026
WHITE SPIRIT AND SBP	73 300	3	0.6	0.0402	0.0337	0.0482

Amendment of Schedule 2 to Act 15 of 2019

99. The following Schedule is hereby substituted for Schedule 2 of the Carbon Tax Act, 2019:

Schedule 2

IPCC Code	Activity/ Sector	Threshold	Basic tax-free allowance %	Process emissions allowance %	Fugitive emissions allowance %	Trade exposure allowance %	Performance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
1	**ENERGY**									
1A	**Fuel Combustion Activities**									
1A1	**Energy Industries (including heat and electricity recovery from Waste)**									
1A1a	Main Activity Electricity and Heat Production (including Combined Heat and Power Plants)	10 MW(th)	60	0	0	10	5	5	10	90
1A1b	Petroleum Refining	10 MW(th)	60	0	0	10	5	5	10	90
1A1c	Manufacture of Solid Fuels and Other Energy Industries	10 MW(th)	60	0	0	10	5	5	10	90
1A2	**Manufacturing Industries and Construction (including heat and electricity recovery from Waste)**		60	0	0	10	5	5	10	90
1A2a	Iron and Steel	10 MW(th)	60	0	0	10	5	5	10	90
1A2b	Non-Ferrous Metals	10 MW(th)	60	0	0	10	5	5	10	90
1A2c	Chemicals	10 MW(th)	60	0	0	10	5	5	10	90
1A2d	Pulp, Paper and Print	10 MW(th)	60	0	0	10	5	5	10	90
1A2e	Food Processing, Beverages and Tobacco	10 MW(th)	60	0	0	10	5	5	10	90
1A2f	Non-Metallic Minerals	10 MW(th)	60	0	0	10	5	5	10	90
1A2g	Transport Equipment	10 MW(th)	60	0	0	10	5	5	10	90
1A2h	Machinery	10 MW(th)	60	0	0	10	5	5	10	90

IPCC Code	Activity/ Sector	Threshold	Basic tax-free allowance %	Process emissions allowance %	Fugitive emissions allowance %	Trade exposure allowance %	Perfor-mance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
1A2i	Mining and Quarrying	10 MW(th)	60	0	0	10	5	5	10	90
1A2j	Wood and Wood Products	10 MW(th)	60	0	0	10	5	5	10	90
1A2k	Construction	10 MW(th)	60	0	0	10	5	5	10	90
1A2l	Textile and Leather	10 MW(th)	60	0	0	10	5	5	10	90
1A2m	Brick manufacturing:	4 million bricks a month	60	0	0	10	5	5	10	90
1A3	**Transport**									
1A3a	Domestic Aviation	100 000 litres/year	75	0	0	0	5	5	10	95
1A3b	Road Transportation	N/A	75	0	0	0	0	5	10	90
1A3c	Railways	100 000 litres/year	75	0	0	0	0	5	10	90
1A3d	Water-borne Navigation	100 000 litres/year	75	0	0	0	0	5	10	90
1A3e	Other Transportation	N/A	75	0	0	0	0	5	10	90
1A4	**Other Sectors (including heat and electricity recovery from Waste)**									
1A4a	Commercial/ Institutional	10 MW(th)	60	0	0	10	5	5	10	90
1A4b	Residential	10 MW(th)	100	0	0	0	0	0	0	100
1A4c	Agriculture/ Forestry/Fishing/ Fish Farms	10 MW(th)	60	0	0	10	5	5	10	90
1A5	**Non-Specified (including heat and electricity recovery from Waste)**									
1A5a	Stationary	10 MW(th)	60	0	0	10	5	5	10	90
1A5b	Mobile	N/A	60	0	0	10	5	5	10	90
1A5c	Multilateral Operations	N/A	60	0	0	10	5	5	10	90
1B	**Fugitive Emissions from Fuels**									
1B1	**Solid Fuels**									
1B1a	Coal Mining and Handling	none	60	0	10	10	5	5	5	95
1B1ai	Underground mines including flaring of drained methane (excluding abandoned mines)	none	60	0	10	10	5	5	5	95
1B1aii	Surface mines	none	60	0	10	10	5	5	5	95
1B1b	Uncontrolled Combustion, and Burning Coal Dumps	N/A	100	0	0	0	0	0	0	100
1B1c	Solid Fuel Transformation									
1B1c1	Coke production processes	none	60	0	10	10	5	5	5	95
1B1c2	Charcoal production processes	none	60	0	10	10	5	5	5	95
1B1c3	Any other solid fuel transformation involving fossil and organic carbon based fuels (e.g. biofuel productions)	none	60	0	10	10	5	5	5	95

IPCC Code	Activity/ Sector	Threshold	Basic tax-free allowance %	Process emissions allowance %	Fugitive emissions allowance %	Trade exposure allowance %	Perfor-mance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
1B2	**Oil and Natural Gas**									
1B2a	Oil	none	60	0	10	10	5	5	5	95
1B2ai	Venting	none	60	0	10	10	5	5	5	95
1B2aii	Flaring	none	60	0	10	10	5	5	5	95
1B2aiii	All other	none	60	0	10	10	5	5	5	95
1B2b	Natural Gas	none	60	0	10	10	5	5	5	95
1B2bi	Venting	none	60	0	10	10	5	5	5	95
1B2bii	Flaring	none	60	0	10	10	5	5	5	95
1B2biii	All other	none	60	0	10	10	5	5	5	95
1B3	**Other Emissions from Energy Production**									
1B3a	Coal-to-liquids processes	none	60	0	10	10	5	5	5	95
1B3b	Gas-to-liquids processes	none	60	0	10	10	5	5	5	95
1B3c	Gas-to-chemicals processes	none	60	0	10	10	5	5	5	95
1C	**Carbon Dioxide Transport and Storage**									
1C1	**Transport of CO_2**	none	60	0	10	10	5	5	5	95
1C1a	Pipelines	10 000 tons CO_2/year	60	0	10	10	5	5	5	95
1C1b	Ships	10 000 tons CO_2/year	60	0	10	10	5	5	5	95
1C1c	Other (please specify)	10 000 tons CO_2/year	60	0	10	10	5	5	5	95
1C2	**Injection and Storage**									
1C2a	Injection	10 000 tons CO_2/year	60	0	10	10	5	5	5	95
1C2b	Storage	10 000 tons CO_2/year	60	0	10	10	5	5	5	95
1C3	**Other**	N/A	60	0	10	10	5	5	5	95
2	**INDUSTRIAL PROCESSES AND PRODUCT USE**									
2A	**Mineral Industry**									
2A1	Cement Production	none	60	10	0	10	5	5	5	95
2A2	Lime Production	none	60	10	0	10	5	5	5	95
2A3	Glass Production	none	60	10	0	10	5	5	5	95
2A4	**Other Process Uses of Carbonates**		60	10	0	10	5	5	5	95
2A4a	Ceramics	N/A	60	10	0	10	5	5	5	95
2A4b	Other Uses of Soda Ash	N/A	60	10	0	10	5	5	5	95
2A4c	Non Metallurgical Magnesia Production	none	60	10	0	10	5	5	5	95
2A4d	Other (please specify)	N/A	60	10	0	10	5	5	5	95
2A5	**Other (please specify)**	N/A	60	0	0	10	5	5	10	90
2B	**Chemical Industry**									
2B1	Ammonia Production	none	60	10	0	10	5	5	5	95

IPCC Code	**Activity/ Sector**	**Threshold**	**Basic tax-free allowance %**	**Process emissions allowance %**	**Fugitive emissions allowance %**	**Trade exposure allowance %**	**Perfor-mance allowance %**	**Carbon budget allowance %**	**Offsets allowance %**	**Maximum total allowances %**
2B2	Nitric Acid Production	none	60	10	0	10	5	5	5	95
2B3	Adipic Acid Production	none	60	10	0	10	5	5	5	95
2B4	Caprolactam, Glyoxal and Glyoxylic Acid Production	none	60	10	0	10	5	5	5	95
2B5	Carbide Production	none	60	10	0	10	5	5	5	95
2B6	Titanium Dioxide Production	none	60	10	0	10	5	5	5	95
2B7	Soda Ash Production	none	60	10	0	10	5	5	5	95
2B8	**Petrochemical and Carbon Black Production**									
2B8a	Methanol	none	60	10	0	10	5	5	5	95
2B8b	Ethylene	none	60	10	0	10	5	5	5	95
2B8c	Ethylene Dichloride and Vinyl Chloride Monomer	none	60	10	0	10	5	5	5	95
2B8d	Ethylene Oxide	none	60	10	0	10	5	5	5	95
2B8e	Acrylonitrile	none	60	10	0	10	5	5	5	95
2B8f	Carbon Black	none	60	10	0	10	5	5	5	95
2B8g	Hydrogen Production	none	60	10	0	10	5	5	5	95
2B9	**Fluorochemical Production**									
2B9a	By-product Emissions	none	60	10	0	10	5	5	5	95
2B9b	Fugitive Emissions	none	60	10	0	10	5	5	5	95
2B10	Other (Please specify)	N/A	60	10	0	10	5	5	5	95
2C	**Metal Industry**									
2C1	Iron and Steel Production	none	60	10	0	10	5	5	5	95
2C2	Ferroalloys Production	none	60	10	0	10	5	5	5	95
2C3	Aluminium Production	none	60	10	0	10	5	5	5	95
2C4	Magnesium Production	none	60	10	0	10	5	5	5	95
2C5	Lead Production	none	60	10	0	10	5	5	5	95
2C6	Zinc Production	none	60	10	0	10	5	5	5	95
2C7	Other (please specify)	N/A	60	0	0	10	5	5	10	90
2D	**Non-Energy Products from Fuels and Solvent Use**									
2D1	Lubricant Use	N/A	60	0	0	10	5	5	10	90
2D2	Paraffin Wax Use	N/A	60	0	0	10	5	5	10	90
2D3	Solvent Use	N/A	60	0	0	10	5	5	10	90
2D4	Other (please specify)	N/A	60	0	0	10	5	5	10	90
2E	**Electronics Industry**									
2E.1	Integrated Circuit or Semiconductor	N/A	60	0	0	10	5	5	10	90
2E.2	TFT Flat Panel Display	N/A	60	0	0	10	5	5	10	90

IPCC Code	Activity/ Sector	Threshold	Basic tax-free allowance %	Process emissions allowance %	Fugitive emissions allowance %	Trade exposure allowance %	Perfor-mance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
2E.3	Photovoltaics	N/A	60	0	0	10	5	5	10	90
2E.4	Heat Transfer Fluid	N/A	60	0	0	10	5	5	10	90
2E.5	Other (please specify)	N/A	60	0	0	10	5	5	10	90
2F	**Product Uses as Substitutes for Ozone Depleting Substances**									
2F1	**Refrigeration and Air Conditioning**									
2F1a	Refrigeration and Stationary Air Conditioning	N/A	60	0	0	10	5	5	10	90
2F1b	Mobile Air Conditioning	N/A	60	0	0	10	5	5	10	90
2F2	Foam Blowing Agents	N/A	60	0	0	10	5	5	10	90
2F3	Fire Protection	N/A	60	0	0	10	5	5	10	90
2F4	Aerosols	N/A	60	0	0	10	5	5	10	90
2F5	Solvents	N/A	60	0	0	10	5	5	10	90
2F6	Other Applications (please specify)	N/A	60	0	0	10	5	5	1 0	90
2G	**Other Product Manufacture and Use**									
2G1	**Electrical Equipment**									
2G1a	Manufacture of Electrical Equipment	N/A	60	0	0	10	5	5	10	90
2G1b	Use of Electrical Equipment	N/A	60	0	0	10	5	5	10	90
2G1c	Disposal of Electrical Equipment		60	0	0	10	5	5	10	90
2G2	**SF_6 and PFCs from Other Product Uses**	N/A								
2G2a	Military Applications	N/A	60	0	0	10	5	5	10	90
2G 2b	Accelerators	N/A	60	0	0	10	5	5	10	90
2G2c	Other (please specify)	N/A	60	0	0	10	5	5	10	90
2G3	**N_2O from Product Uses**	N/A								
2G3a	Medical Applications	N/A	60	0	0	10	5	5	10	90
2G3b	Propellant for Pressure and Aerosol Products	N/A	60	0	0	10	5	5	10	90
2G3c	Other (Please specify)	N/A	60	0	0	10	5	5	10	90
2G4	**Other (Please specify)**	N/A	60	0	0	10	5	5	10	90
2H	**Other**									
2H1	Pulp and Paper Industry	N/A	60	0	0	10	5	5	10	90
2H2	Food and Beverages Industry	N/A	60	0	0	10	5	5	10	90
2H3	Other (please specify)	N/A	60	0	0	10	5	5	10	90

IPCC Code	Activity/ Sector	Threshold	Basic tax-free allowance %	Process emissions allowance %	Fugitive emissions allowance %	Trade exposure allowance %	Perfor-mance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
3	**AGRICULTURE, FORESTRY, AND OTHER LAND USE**									
3A	**Livestock**									
3A1	**Enteric Fermentation**									
3A1a	Cattle	N/A	100	0	0	0	0	0	0	100
3A1b	Buffalo	N/A	100	0	0	0	0	0	0	100
3A1c	Sheep	N/A	100	0	0	0	0	0	0	100
3A1d	Goats	N/A	100	0	0	0	0	0	0	100
3A1e	Camels	N/A	100	0	0	0	0	0	0	100
3A1f	Horses	N/A	100	0	0	0	0	0	0	100
3A1g	Mules and Asses	N/A	100	0	0	0	0	0	0	100
3A1h	Swine	N/A	100	0	0	0	0	0	0	100
3A1j	Other (please specify)	N/A	100	0	0	0	0	0	0	100
3A2	**Manure Management**									
3A2a	Cattle	N/A	100	0	0	0	0	0	0	100
3A2b	Buffalo	N/A	100	0	0	0	0	0	0	100
3A2c	Sheep	N/A	100	0	0	0	0	0	0	100
3A2d	Goats	N/A	100	0	0	0	0	0	0	100
3A2e	Camels	N/A	100	0	0	0	0	0	0	100
3A2f	Horses	N/A	100	0	0	0	0	0	0	100
3A2g	Mules and Asses	N/A	100	0	0	0	0	0	0	100
3A2h	Swine	N/A	100	0	0	0	0	0	0	100
3A2i	Poultry	N/A	100	0	0	0	0	0	0	100
3A2j	Other (please specify)	N/A	100	0	0	0	0	0	0	100
3B	**Land**									
3B1	**Forest Land**									
3B1a	Forest land Remaining Forest Land	100 Hectares of Plantations or Natural forests	100	0	0	0	0	0	0	100
3B1b	Land Converted to Forest Land	100 Hectares of Plantations or Natural forests	100	0	0	0	0	0	0	100
3B2	**Cropland**									
3B2a	Cropland Remaining Cropland	N/A	100	0	0	0	0	0	0	100
3B2b	Land Converted to Cropland	N/A	100	0	0	0	0	0	0	100
3B3	**Grassland**									
3B3a	Grassland Remaining Grassland	N/A	100	0	0	0	0	0	0	100
3B3b	Land Converted to Grassland	N/A	100	0	0	0	0	0	0	100
3B4	**Wetlands**									
3B4a	Wetlands Remaining Wetlands	N/A	100	0	0	0	0	0	0	100
3B4b	Land Converted to Wetlands	N/A	100	0	0	0	0	0	0	100

IPCC Code	Activity/ Sector	Threshold	Basic tax-free allowance %	Process emissions allowance %	Fugitive emissions allowance %	Trade exposure allowance %	Perfor-mance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
3B5	**Settlements**									
3B5a	Settlements Remaining Settlements	N/A	100	0	0	0	0	0	0	100
3B5b	Land Converted to Settlements	N/A	100	0	0	0	0	0	0	100
3B6	**Other Land**									
3B6a	Other Land Remaining Other Land	N/A	100	0	0	0	0	0	0	100
3B6b	Land Converted to Other Land	N/A	100	0	0	0	0	0	0	100
3C	**Aggregate Sources and Non-CO_2 Emissions Sources on Land**									
3C1	**Emissions from Biomass Burning**									
3C1a	Biomass Burning in Forest Lands	N/A	100	0	0	0	0	0	0	100
3C1b	Biomass Burning in Croplands	N/A	100	0	0	0	0	0	0	100
3C1c	Biomass Burning in Grasslands	N/A	100	0	0	0	0	0	0	100
3C1d	Biomass Burning in All Other Land	N/A	100	0	0	0	0	0	0	100
3C2	Liming	N/A	100	0	0	0	0	0	0	100
3C3	Urea Application	N/A	100	0	0	0	0	0	0	100
3C4	Direct N_2O Emissions from Managed Soils	N/A	100	0	0	0	0	0	0	100
3C5	Indirect N_2O Emissions from Managed Soils	N/A	100	0	0	0	0	0	0	100
3C6	Indirect N_2O Emissions from Manure Management	N/A	100	0	0	0	0	0	0	100
3C7	Rice Cultivations	N/A	100	0	0	0	0	0	0	100
3C8	Other (please specify)	N/A	100	0	0	0	0	0	0	100
3D	**Other**									
3D1	Harvested Wood Products	N/A	100	0	0	0	0	0	0	100
3D2	Other (please specify)	N/A	100	0	0	0	0	0	0	100
4	**WASTE**									
4A	**Solid Waste Disposal**									
4A1	Managed Waste Disposal Sites	Receiving 5 tonnes per day or a total capacity of 25000 tonnes	100	0	0	0	0	0	0	100
4A2	Unmanaged Waste Disposal Sites	Receiving 5 tonnes per day or a total capacity of 25000 tonnes	100	0	0	0	0	0	0	100

IPCC Code	Activity/ Sector	Threshold	Basic tax-free allowance %	Process emissions allowance %	Fugitive emissions allowance %	Trade exposure allowance %	Perfor-mance allowance %	Carbon budget allowance %	Offsets allowance %	Maximum total allowances %
4A3	Uncategorised Waste Disposal Sites	Receiving 5 tonnes per day or a total capacity of 25000 tonnes	100	0	0	0	0	0	0	100
4B	**Biological Treatment of Solid Waste**	N/A	100	0	0	0	0	0	0	100
4C	**Incineration and Open Burning of Waste**									
4C0	Waste — Pyrolysis	100 kg/hour	100	0	0	0	0	0	0	100
4C1	Waste Incineration	1 tonne per hour	60	0	0	10	5	5	10	90
4C2	Open Burning of Waste	N/A	100	0	0	0	0	0	0	100
4D	**Wastewater Treatment and Discharge**									
4D1	Domestic Wastewater Treatment and Discharge	2 Million litres/day	100	0	0	0	0	0	0	100
4D2	Industrial Wastewater Treatment and Discharge	1000 cubic metres per day	100	0	0	0	0	0	0	100
4E	**Other (please specify)**	N/A								
5	**OTHER**									
5A	**Indirect N_2O Emissions from the Atmospheric Deposition of Nitrogen in NO_X and NH_3**	N/A	60	0	0	10	5	5	10	90
5B	**Other (please specify)**	N/A	60	0	0	10	5	5	10	90

Short title

100. This Act is called the Taxation Laws Amendment Act, 2019.

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