



SWAZILAND
GOVERNMENT GAZETTE
EXTRAORDINARY

VOL. XXVII]

MBABANE, Friday, May 19th., 1989

[No. 661

CONTENTS

No. Page

PART A — BILLS

8. The Income Tax (Amendment) Bill, 1989 S1

PUBLISHED BY AUTHORITY

SUPPLEMENT TO
THE
SWAZILAND GOVERNMENT
GAZETTE
EXTRAORDINARY

VOL. XXVII]

MBABANE, Friday, May 19th., 1989

[No. 661

CONTENTS

No.

Page

PART A — BILLS

- | | | |
|-----------|--|-----------|
| 8. | The Income Tax (Amendment) Bill, 1989 | S1 |
|-----------|--|-----------|

PUBLISHED BY AUTHORITY

PART A

S1

THE INCOME TAX (AMENDMENT) BILL, 1989

(Bill No. 8 of 1989)

(To be presented by the Minister for Finance)

MEMORANDUM OF OBJECTS AND REASONS

The object of this Bill is to amend the Income Tax (Consolidation) Order, 1975 so as:

- (a) to allow the tax payer the option of spreading payment of his tax liability in respect of his taxable severance allowance over a period of 5 years;
- (b) to provide for a uniform rate of tax for single persons, married persons and wife's employment income;
- (c) to provide for increase in the allowable deductions from income in respect of medical expenses, pension fund contributions, annuity payment, retirement annuity fund, insurance premium, provident fund and employees' housing scheme;
- (d) to provide for increased tax relief in respect of export promotion expenditure incurred by companies or trading houses in the small scale handicraft and cottage industry sector;
- (e) to provide for tax relief in respect of mortgage interest paid on mortgages for the purchase of residential property or plot.

J.M. DLAMINI

Acting Attorney-General

A BILL

entitled

An Act to amend the Income Tax (Consolidation) Order, 1975.

ENACTED by the King and the Parliament of Swaziland.

Short title and commencement.

1. This Act may be cited as the Income Tax (Amendment) Act, 1989 and shall be read as one with the Income Tax (Consolidation) Order, 1975 (hereafter referred to in this Act as the "Order") and shall come into operation on 1st July, 1989.

Amendment of section 2.

2. Section 2 of the Order is amended by inserting after the definition of "approved bursary scheme" the following new definitions:

"approved company in the handicraft and cottage industry sector" means a company approved by and registered by the Commissioner in consultation with the Ministry of Commerce, Industry and Tourism for the relevant year of assessment;

"approved export promotion expenditure" means any expenditure incurred by an approved company in the handicraft and cottage industry sector for the purpose of expanding exports which have been approved by the Commissioner in consultation with the Ministry of Commerce, Industry and Tourism;

"approved export trading house" means a company engaged in the export of products of other companies in the handicraft and cottage industry sector and which is approved and registered by the Commissioner in consultation with the Ministry of Commerce, Industry and Tourism for the relevant year of assessment;"

Amendment of section 7.

3. Section 7 of the Order is amended by replacing the words "by way of bonus, or gratuity (less so much thereof as is exempt from tax under section 12(1)(g))" occurring in the proviso to paragraph (b) with the words "by way of bonus, gratuity or severance allowance (less so much thereof as is exempt from tax under section 12(1)(g) or section 12(1)(j)(iii))".

Amendment of section 8.

4. Section 8(1) of the Order is amended in paragraph (c), by replacing the word "sixty" occurring in the proviso thereto with the words "one hundred and twenty".

Amendment of section 11.

5. Section 11 of the Order is amended by replacing subsection (2) (bis) with the following:

"(2)(bis). So much of the income deemed under subsection (2) as is attributable to the wife's employment income shall be independently charged to tax at the rates set out in Part 11 of the Third Schedule."

Amendment of section 12.

6. Section 12(3) of the Order is amended as follows:

- (a) in paragraph (a), thereof by replacing the words "two thousand" wherever they occur with the words "three thousand and three hundred";
- (b) in paragraph (b), by replacing the words "one thousand" wherever they occur with the words "two thousand and eight hundred".

Amendment of section 14.

7. Section 14(1) of the Order is amended as follows:

- (a) by replacing (c) with the following:

"(c) such sum as the Commissioner may think just and reasonable as representing the diminished value by reason of wear and tear during the year of assessment of any plant, machinery, implements, utensils and articles used by the taxpayer for the purposes of his trade:

Provided that in the case of plant, machinery, implements, utensils and articles which are let by any taxpayer and which are brought into use by the lessee, thereof for the purposes of the lessee's trade, the Commissioner may, if he considers it just and reasonable allow during the year of assessment

wear and tear on an equal annual instalment basis over the estimated life of such plant, machinery, implements, utensils articles, but the value of any machinery or plant used by the taxpayer for the purposes of his business shall be reduced by the amount of deduction which may be made under paragraph (e)(i)."

- (b) in paragraph (g), by replacing the words "four thousand" and "two thousand" occurring in the first proviso thereto with the words "eight thousand" and "four thousand" respectively;
- (c) in paragraph (i), by replacing the words "six hundred" occurring in the proviso thereto with the words "one thousand and two hundred";
- (d) in paragraph (j), by replacing the words "twelve hundred" occurring in the proviso thereto with the words "two thousand and four hundred";
- (e) in paragraph (l), by replacing the words "one thousand" occurring in the proviso thereto with the words "six thousand";
- (f) in paragraph (u), by replacing the words "six hundred" with the words "one thousand and two hundred";

And also by replacing subparagraph (iii) with the following:

"any sum paid by a taxpayer to any chemist or optician for drugs, medicine or optical aid obtained in accordance with a prescription issued by a qualified registered medical practitioner for that taxpayer, his wife or children."

- (g) by inserting after paragraph (x) the following new paragraph:

"(y) any amount equal to:

- (i) one hundred and thirty-three per centum of the approved export promotion expenditure incurred during the year preceding the year of assessment by an approved company in the handicraft and cottage industry sector; or
- (ii) one hundred and fifty per centum of the approved export promotion expenditure incurred during the year preceding the year of assessment by an approved trading house:

Provided that no such deduction shall be allowed unless the Commissioner has been satisfied by proof in such manner as he may prescribe that there has been an increase in the volume of export of the products of such approved company or trading house in respect of the year following the year in which the expenditure was incurred."

Insertion of section 14A.

- 8. There is hereby inserted after section 14 of the Order the following section:

"House ownership and improvement interest allowance.

- 14.A (1) Where in any year of assessment a taxpayer or spouse pays interest at a rate which the Commissioner is satisfied does not differ substantially from normal commercial rates operating in that year of assessment on a loan, mortgage or similar financial arrangement repayable over a fixed period of time made to that taxpayer or spouse by:

- (a) a building society;
- (b) any financial institution recognised by the Commissioner as an institution whose business includes the lending of moneys for the purchase or improvement of residential property or plot; or
- (c) any authority or person recognised by the Commissioner as duly authorised by law to engage in the establishment or development of townships or in the selling of plots for residential purposes,

to enable that taxpayer or spouse to purchase, build or improve a house in Swaziland, and the payments of such interest are borne of the income of the taxpayer or spouse, the taxpayer or spouse shall be entitled to a deduction in respect of such interest in accordance with subsection (2) of this Section.

(2) The interest deductible from the gross income of the taxpayer or spouse in any year of assessment shall, where the gross income of the taxpayer or spouse—

- (a) does not exceed ten thousand Emalangeni, be two hundred per centum of the interest paid during that year of assessment;
- (b) exceeds ten thousand Emalangeni but does not exceed forty thousand Emalangeni, be one hundred per centum of the interest paid during that year of assessment; or
- (c) exceeds forty thousand Emalangeni, be fifty per centum of the interest paid during that year of assessment:

Provided that the interest deductible from the gross income of the taxpayer or spouse shall be limited to only such interest payable on so much of the amount of the loan, mortgage or similar financial arrangement as does not exceed forty thousand Emalangeni or six thousand Emalangeni, whichever is the lower.

(3) For purposes of this section "spouse" means a spouse of the taxpayer."

Amendment of section 59.

9. Section 59 of the Order is amended as follows:

- (a) by replacing the heading thereto with the following:

"Withholding of tax from payments to non-resident contractors or professionals."

- (b) in subsection (1), by replacing the words "or professional services in respect of any operations which are to be performed in Swaziland" with the words "or professional services in respect of such construction operations or any other professional services to be performed or rendered in Swaziland;"
- (c) in subsection (3), by replacing the word "five" with the word "ten".

Amendment of paragraph 8 of First Schedule:

10. Paragraph 8(5) of the First Schedule to the Order is amended by replacing the words "twenty thousand" occurring therein with the words "forty thousand".

Amendment of Third Schedule:

11. Part II of the Third Schedule to the Order is hereby replaced with the following:

PART II

RATE OF NORMAL TAX IN THE CASE OF PERSONS OTHER THAN COMPANIES

Taxable income	E	E	Rate of Tax
Where taxable income does not exceed		1250	3.00 per centum of each E1 of taxable income
Exceeds 1250 but does not exceed	2500		37.50 plus 4.00 per centum of the amount by which taxable income exceeds 1250.00
Exceeds 2500 but does not exceed	3750		87.50 plus 6.00 per centum of the amount by which taxable income exceeds 2500.00
Exceeds 3750 but does not exceed	5000		162.50 plus 8.00 per centum of the amount by which taxable income exceeds 3750.00
Exceeds 5000 but does not exceed	6250		262.50 plus 10.00 per centum of the amount by which taxable income exceeds 5000.00
Exceeds 6250 but does not exceed	7500		387.50 plus 12.00 per centum of the amount by which taxable income exceeds 6250.00
Exceeds 7500 but does not exceed	8750		537.50 plus 12.00 per centum of the amount by which taxable income exceeds 7500.00
Exceeds 8750 but does not exceed	10000		687.50 plus 14.00 per centum of the amount by which taxable income exceeds 8750.00
Exceeds 10000 but does not exceed	11250		862.50 plus 16.00 per centum of the amount by which taxable income exceeds 10000.00
Exceeds 11250 but does not exceed	12500		1062.50 plus 18.00 per centum of the amount by which taxable income exceeds 11250.00
Exceeds 12500 but does not exceed	13750		1287.50 plus 20.00 per centum of the amount by which taxable income exceeds 12500.00
Exceeds 13750 but does not exceed	15000		1537.50 plus 22.00 per centum of the amount by which taxable income exceeds 13750.00
Exceeds 15000 but does not exceed	16250		1812.50 plus 24.00 per centum of the amount by which taxable income exceeds 15000.00
Exceeds 16250 but does not exceed	17500		2112.50 plus 26.00 per centum of the amount by which taxable income exceeds 16250.00
Exceeds 17500 but does not exceed	18750		2437.50 plus 28.00 per centum of the amount by which taxable income exceeds 17500.00
Exceeds 18750 but does not exceed	20000		2787.50 plus 30.00 per centum of the amount by which taxable income exceeds 18750.50
Exceeds 20000 but does not exceed	21250		3162.50 plus 32.00 per centum of the amount by which taxable income exceeds 20000.00

Exceeds	21250		3562.50 plus 34.00 percentum of the amount by
but does not exceed		22500	which taxable income exceeds 21250.00
Exceeds	22500		3987.50 plus 36.00 percentum of the amount by
but does not exceed		23750	which taxable income exceeds 22500.00
Exceeds	23750		4437.50 plus 38.00 percentum of the amount by
but does not exceed		25000	which taxable income exceeds 23750.00
Exceeds	25000		4912.50 plus 40.00 percentum of the amount by
but does not exceed		26250	which taxable income exceeds 25000.00
Exceeds	26250		5412.50 plus 40.00 percentum of the amount by
but does not exceed		27500	which taxable income exceeds 26250.00
Exceeds	27500		5912.50 plus 40.00 percentum of the amount by
but does not exceed		28750	which taxable income exceeds 27500.00
Exceeds	28750		6412.50 plus 40.00 percentum of the amount by
but does not exceed		30000	which taxable income exceeds 28750.00
Exceeds	30000		6912.50 plus 40.00 percentum of the amount by
			which taxable income exceeds 30000.00"