

TAXATION IN THE UNIONIntroductory

There are three levels of taxation in the Union, namely, National, Provincial and Local. With the last, which includes municipal rating and other forms of taxation imposed by local authorities, we shall not be concerned. What primarily concerns us are those systems of taxation which operate nationally or which cover wide areas and large populations, as in the case of provincial taxation. In the case of European citizens both national and provincial taxation are important, but as regards Natives the State is the main taxing body. Here it should be noted that the term "Native" for the purpose of taxation is defined as "a member of an aboriginal race or tribe of Africa"¹ and we shall therefore use the term Native in this sense, reserving the term European to cover not only the population of European descent, but also the Asiatic and Indian population.

Some General Principles of Taxation

The system of taxation is merely one aspect of the system of Public Finance. It concerns itself neither with expenditure nor with the moneys which the State raises through the process of borrowing or from other sources such as trading activities. In most modern communities, however, taxation in normal times is the chief source of revenue for current purposes. A tax is essentially a compulsory charge: when levied on persons directly, it is termed direct taxation, and when levied on persons at the time they make purchases, it is classed as indirect taxation.
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1. Natives Taxation and Development Act, 1925 as Amended, "Section 19, Interpretation of Terms.

In each case there is a transfer of income from the private person to the State. The income thus derived is no longer at the disposal of the individual but at the disposal of the State, for the provision of public services which may bring benefit to the individual though not necessarily in the same proportion as he has been taxed. Thus the effect of taxation cannot be seen in correct perspective unless the expenditures of tax revenues be taken into account.

This is not the place to enter into a discussion of the canons of taxation which will be found explained in any standard work on Public Finance. We must, however, make reference to two fundamental principles which are basic to the taxation systems of almost every modern state. First, it is accepted that the ideal system of taxation is a "progressive" system. According to this principle liability for tax contributions should be proportioned to the ability of the individual to pay. There are some individuals whose incomes are insufficient to keep themselves and their families above a subsistence level and it is generally accepted that such people should not be taxed. In most states, indeed, where the concept of Social Security is in vogue, it is accepted that the State should supplement their incomes either by cash payments or in the form of services. These individuals, far from having their incomes reduced by taxation, should in fact have their incomes supplemented. The corollary of this is that those whose incomes rise above what is deemed to be the minimum level should be taxed and taxed more heavily as these incomes increase.

In practice, however, a system of taxation is complex, and certain parts of the tax machinery when considered separately, generally conflict with this principle. Thus, although the tax on income can be made progressive and in most civilised countries is so, indirect taxes remain

proportionate/.....

proportionate to the individual's purchases of the taxed commodities. Where an indirect tax is imposed on luxuries, the general effect appears to be progressive, for those with higher incomes in general may be expected to purchase proportionately more than those with low incomes. Where the tax is imposed on essential articles which are purchased in about the same quantities by both rich and poor, a smaller percentage of the income of the rich man is taken in the form of taxation and a greater percentage of the income of the poor. In this event the tax is regressive when considered apart from the general system of taxation and could be condemned as inequitable.

It is most important, however, that the system as a whole should operate in a progressive manner.

A not less important principle is that persons who are in the same economic position should be taxed equally. Indeed this is so fundamental that in most modern systems of taxation it is considered as axiomatic.

Outline of Taxation in the Union.

In the Union the scheme of taxation offends against both these principles outlined above, namely that of progression and that of equal treatment for those equally placed. This arises out of the existence of two distinct systems of taxation, the one applying in general to the European citizen and the other to the Natives.

The first contains a major tax, the Income Tax, which is distinctly progressive in character and which in fact ceases to be operative when income falls below a certain level. Below this level and indeed before it is reached, that is when the income tax is relatively small compared with the indirect and other taxes, the character of the tax system changes and becomes regressive since at this point indirect taxation becomes

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more important. The Social and Economic Planning Council in its Report on Taxation and Fiscal Policy put the income at which the system becomes regressive for an Urban European family of four living in the Transvaal in 1939, at £600 per annum. In this particular case, no income tax was payable when the income was lower than £600. In the lower income reaches the family would be only subject to one form of direct taxation, namely a Personal Tax imposed by the Province was £1.10s. for a married man.

A Native who earns a sufficiently high income comes under the normal income tax law, being liable for income tax under the same conditions as a European. There are, however, very few such Natives, since the majority of Africans in the Union are in receipt of incomes far below the level at which income tax applies. Ignoring, therefore, for the moment this very small number of Africans whose position is anomalous, we can consider the African population as a whole as falling within a different system of taxation from that which applies to Europeans - a system different in kind as regards direct taxation and different in incidence as regards indirect taxation.

It is the direct taxes which mark most clearly the differences between European and Native Taxation in the Union. Of these the taxes peculiar to Natives are (a) the General Tax, commonly termed the Poll Tax (b) the Local or Hut Tax (c) Quitrents and (d) the Provincial Hospital Tax. The other tax however should be mentioned, namely the Pass Fee, which although generally regarded as falling on the employer of Native labour who pays the fee, constitutes a tax on the employment of Native labour, the burden of which will be shared in some proportion between the worker and the employer. I

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I. The problem of incidence in the case of a tax of this kind is highly complicated. It is right however, to assume that such a tax will reduce the employers' demand for labour and therefore tend to reduce the wage rate

The major direct taxes are the General and the Local Taxes which are regulated by the Natives Taxation and Development Act, 1925 as amended. The first is paid by every male Native between the ages of 18 and 65 years and is £1 per annum. The Local Tax is levied at the rate of 10s. per hut per annum on the occupier up to a maximum of £2. Here it may be noted that this tax is not payable by the occupiers of land in respect of which quitrent is paid or on the dwellings of Natives normally residing outside the Union, or those attending schools or Natives over 65 years of age. In addition these Natives whose incomes fall in the income tax limit are exempted from the provisions of the Natives Taxation and Development Act and becomes subject to European taxation. Quitrents and squatting fees are paid in respect of certain lands in the Glen Grey area, the Transkeian Territories, Crown land in Natal (other than Zululand) and on Crown land in the Transvaal.

Hospital tax is a Provincial Tax imposed under Act No. 38 of 1945 which empowered the Provinces to "levy a hospital contribution, not exceeding two shillings and sixpence on every Native who is liable to pay the general tax." The Orange Free State and Natal have at the time of writing (June, 1947) availed themselves of this provision.

Some idea of the relative importance of these taxes can be obtained

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1. (Cont. from P.4.)

rate which the employee can secure. Such an effect may be aggravated where the reduction in the wage rate leads to an increased supply of labour as a result of the employees' efforts to maintain earnings. There are many other complicating factors which cannot be discussed in a work of this kind.

from their yields in the year 1945. In that year approximately £1,464,732 was obtained from the General Tax, £230,469 from the Local Tax, £55,528 from Quitrents and £717,425 from Pass Fees (of which £699,168 was assigned to the Transvaal).¹ At the time of writing the revenues from the Hospital Taxes are not available.

In addition to these taxes are the indirect taxes which do not of course involve any special element of discrimination between the Native and the European sections of the population, though it is true that there are duties on alcoholic liquors and spirits which Natives are prohibited from purchasing.

Considering the nature of these two groups of taxes it is abundantly clear that they are regressive. The direct taxes such as the poll tax could only be considered equitable as between members of the Native population if the economic position of each Native taxpayer were identical. It was on the basis of this assumption that the Native Economic Commission (1930-32) made the categorical statement that in the case of the tribal Natives and many farm Natives "it has no regressive character whatever." The Commission acknowledged, however, that where there were differences in wealth, such as where the Natives had become part of the European economy, "certainly it is regressive"². Today, when the mass of the Native population depends in some measure on cash incomes, the tax is clearly regressive as between members of this population. Thus the Social and Economic Planning Council (Report No. 7.) states:

"By modern standards a poll tax of the type of the Native General Tax is thoroughly unsatisfactory..... It is inequitable in that it
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1. In the other Provinces the revenue from the Pass Fees ^{goes} to the local authority operating in the area in which it is collected.

2. U.G. 22, 1932. Para. 670.

takes no account of the wealth or family status of the taxpayer.....
Its regressive nature and inequity tend to promote rather than reduce
the inequalities of wealth. Similar arguments may be urged against the
local tax, though perhaps less strongly." ¹

Considering the system of direct taxation with reference to the
whole population, European and Native, the regressive and discriminatory
nature of these direct Native Taxes is obvious.

In the first place, the lower limit for Income Taxation is consi-
derably higher than the income of the average Native, and below this the
European pays personal taxes which, in the lower reaches, when his income
would be comparable to that of the Native, would be substantially lower
than that paid by the Native.

Today the position is as follows: A married man in the Transvaal,
if the Income Tax level, pays the Personal Tax amounting to £1.10s;
in Natal, if he had an income of less than £450 he pays £1. Personal
Tax; in the Cape, if married, he has no personal tax to pay where his
income is less than £250; in the Orange Free State he pays £1 if his
income is less than £100. In each of these cases a Native would be
liable for Poll Tax which amounts to £1 for each male Native between
the ages of 18 and 65, in addition to the Local Tax of 10s. per hut per
annum up to a maximum of £2. It should also be noted that the Native is
liable to these taxes, if a male, between the ages of 18 and 65, whereas
the European under 21 is exempt. Thus the Social and Economic Planning
Council rightly concludes

The present system of Native taxation leads to grave inequities as
between the Native and other sections of the population... Members of
the/....

1. U.G. 48, -'45. Taxation and Fiscal Policy, Para. 85.

the other racial groups who earned an income equal to the average Native income would generally be exempt altogether from direct taxation".¹

To complete our survey, it is necessary to mention indirect taxation. Here it can be said that these indirect taxes which affect the African through increasing the prices of such essentials and conventional necessities as blankets, clothes, sugar and, in urban areas, tea, are without doubt regressive, either when we consider the Native population alone or when we consider the population of the Union as a whole. In any event, these taxes constitute a most onerous burden on a very poor section of the population.

It is clear, therefore, that the tax system, taken as a whole, including both direct and indirect taxation, is both regressive and discriminatory. As the Social and Economic Planning Council has said:

"It is fairly certain, however, that the tax system is regressive in its effect on Non-Europeans, in view of the relatively high level of the General Tax and of indirect taxation. It is certainly regressive interracially, i.e. a Native family generally pays a higher proportion of income in taxation than a European family earning perhaps twice as much."²

It is clear therefore that the argument for Native taxation of the kind we have described is not to be sought in the normal and accepted principles of which the taxation systems of most other countries are based and by which the system of European taxation in the Union has been greatly influenced. The reason d'être of this system of Native taxation must therefore be sought in other directions.

In the first place, the Native taxes bring in considerable revenues

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1. U.G. No. 48 - '45, para. 85.
2. U.G. No. 48 - '45, para. 84.

which would have to be obtained from other sources if the existing Government expenditures are to be maintained. These taxes are old and sanctioned by custom. They are imposed on a section of the population which has little political influence. Thus the maintenance of these taxes is politically possible. As the constitution of the House of Assembly and Senate, gives overwhelming representation to the European taxpaying group, these bodies are not likely to legislate readily in ways which would increase the Europeans' share of the burden of national expenditure. Nevertheless, some concession was made to the pricks of conscience in that a large proportion of the revenue from the General Tax was earmarked for expenditure on services for Natives. It was therefore frequently argued that ^{revenues} what/was accruing from this tax was returned to the specific group from which it derived.

It should be clear that this principle, if widely applied, conflicts with the aims of progression in taxation. In the case of Native taxation in the Union of South Africa this is obviously so since the Natives, as the poorest section of the whole population, should, according to generally accepted canons of public finance, not only pay least in taxation but receive most in benefits through public expenditures. We return to this topic later.

In the second place, to quote the Social and Economic Planning Council's Report, "one of the main objectives of Native taxation is, or was, to exert pressure on Natives to seek work in agriculture, mining or manufacture. In this object it is probably very successful."¹

This is generally taken to refer more specifically to these direct taxes to which the Native is subject, but it has been argued that the

indirect/...

1. U.G. 48 - '45. Para. 84.

indirect taxes which tend to increase the prices of necessities may also have a similar effect. Thus Mr. Rheinallt Jones pointed out in 1930 that

"An increase of 300 per cent in the cost of Native blankets (consequent on tariff increases) is proving a very heavy additional tax upon the Native, to meet which he must go into the towns, there to increase the competition for work." ¹

In effect, it is clear that all these different forms of taxation, by accentuating the already great poverty of the Native in the Reserves, tends to increase the drift to the towns as also the supply of Native labour seeking employment.

The mining industry is particularly affected by the pressure to supplement incomes. The labour supply of the mines depends on the number of Natives who can be induced to supplement incomes and work for defined periods without bringing their families into the towns. If the argument put forward by the Chamber of Mines to the Native Mine Wages Commission, namely that an increase in wage rates would induce the worker to stay for longer periods in the Reserves is correct then it is clear that the elimination of the General Tax would have the same effect. In other words, the present system of Native taxation ensures a larger supply of labour for the mines than would otherwise be secured at existing wages. But here it should be noted that this drift into mining is of a different order from the general drift into the towns. The flow into mining does not consist of persons who become permanent mine-workers; at present this course is not open to the Native who enters the industry. The pressing need of those who offer themselves

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1. Coming of Age. Studies in South African Citizenship and Politics. 1930, para. 255.

in the market for migratory labour is to add to a family income which is generally insufficient to maintain an adequate standard of living. The tax, by increasing the income required by the family, increases the flow of this type of migratory labour.

On this point it should be noted that this system of Native taxation took its shape many years ago and has remained fundamentally unchanged. It does not properly fit into the taxation system of an advanced industrial state and it cannot be justified by the accepted canons of taxation. Its practical justification today could only be that it is a necessary and effective means of hastening the process of absorbing the African into the mainstream of the country's economic development. Yet this argument is seldom used openly as a justification for this system of taxation. It fails to take into account the enormous social and economic changes which have taken place in the lives of Africans during the last thirty years or so. The social and economic pressures which are rapidly forcing the African into a full part in the money economy are extremely powerful and are now largely independent of this particular taxation system. Indeed, it may be argued that the maintenance of two opposed principles of taxation within the same system of public finance hinders rather than assists the transition to a modern economy. This is so because the most urgent needs are positive measures for the development of social services and the improvement of conditions of life and work of Africans, in both urban and rural areas. The present system of Native taxation has no real place in South Africa if the country is to develop its full economic possibilities, and it will be one sign of progress if in the next ten years or so a uniform system of taxation covering the whole population is developed.

Suggestions/.....

Suggestions for the Reform of Native Taxation.

The most important argument in favour of the reform of Native taxation, as it at present exists, is founded on the conviction that it is regressive and therefore unjust. It is clear that these taxes are regressive when the Native population, tribal or detribalised, is considered as a whole, and the regressive element is still more evident when the whole population of the Union, Europeans and Natives is considered. This has led to suggestions by both Europeans and Africans that the same system of taxation should be applied to all.

Such a fundamental approach was suggested in July, 1933, at the National European-Bantu Conference which put forward two principles as a basis for the reform of Native Taxation. These were, "first, that all taxation should be related to the ability of the individual to pay ... without regard to race. Secondly, that it is wrong for a section of the community to be taxed separately ..." ¹ This second principle was in fact the more important in the eyes of the conference, because of the tradition of taxing the particular section concerned to provide the public services necessary for its welfare, a process which would "lead to that section of the community with the greatest needs having the least means to meet these needs." Nevertheless the Conference went on to make more moderate suggestions lest the principles it had laid down should not be immediately acceptable.

More recently the Social and Economic Planning Council put forward suggestions of importance:

"First as regards the Reserve Natives, the Council suggests that a
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1. Race Relations, May and August, 1936, Para. 55.

more equitable alternative to the General Tax A stock tax would take into account differences in economic circumstances while it would help to check the evil of overstocking. "

"As a substitute for the General Tax on urban Natives it is suggested that a small percentage of earnings might be withheld at source." ¹

But these are only tentative suggestions. The Council notes that the problem of Native Taxation is tied up with the general problem of Native policy and states:

"A revision of the system of Native taxes can only be undertaken after full consideration of its social and economic affects and as part of a broadly-conceived Native Policy". ²

The suggestions, however, do not answer one question which is fundamental: namely, the share of the State revenue which can be justly defrayed by the Native. They imply, in fact, two systems of taxation.

Finally, it may be useful to indicate proposals which have been put forward at various times.³ We can list them as follows :

- (a) Complete abolition of the Native Taxes.
- (b) Reduction of the Poll Tax to some low figure, such as 2s.6d.
- (c) The abolition of the flat rate system of taxation and the introduction of a tax based on income categories.
- (d) Exemption from Native tax payments of those under 21 and over 60 years of age.

Notwithstanding/....

1. U.G. 48 - '45. Para. 84.

2. Ibid. Para. 84.

3. See Race Relations, May and August, 1936, "Direct Taxation of Natives" by A. Lynn Saffery. p. 53 et. seq.

Notwithstanding these and similar suggestions, there has been no fundamental change made in the Native Tax system. The rates have long remained constant and the method of payment unchanged in essentials. Neither, at the time of writing, are any signs of impending change apparent.

Native Taxation and Expenditure.

Two other problems associated with Native taxation must be considered; namely the relation of Native Tax revenues to public expenditures on certain services for the Native population, and the problem of tax collection.

The first, not only affects the attitude of Europeans but that of the Natives themselves to the tax payments. As the late Professor Hoernle stated:

"The Native people in general not only do not object to the principle of paying tax, but are willing to pay tax on the understanding that the proceeds of any direct tax imposed upon them are spent on their behalf and for their benefit."¹

This has been reiterated by other writers and the problem of the abolition of these taxes has been closely linked with that of the maintenance of services to Natives. Thus the Native Farm Labour Committee stated that:

"To a number of individual Native witnesses the question was put:-

"Which of the two clear put principles do you favour; retention of the present tax system and the substantial increase in facilities for education, or the withdrawal of the tax and the elimination of all claims to education?"

All/...

1. Memorandum: "Suggestions for Poll-Tax Committee"

"All witnesses voted for the first alternative. We agree that the second alternative is quite unthinkable." ¹

Thus the attitude of those who supported the abolition of Native Taxes was tempered by the fear that the services dependent on them would be curtailed. The Farm Labour Committee pointed out that it would be possible for the State to make up the consequent loss and transfer the charge to the taxpayers of the Union, but this procedure was "open to serious question". ²

There is certainly no support from writers on public finance for the view that a particular section of the population should provide its own services by taxes levied mainly on that section. Indeed such a principle, if accepted, would lead to regressive taxation in modern communities where the poor stand in greatest need of public services. It would also limit the development of the services for the poorer sections of the population to the extent of their financial resources.

The Native Taxation and Development Act of 1925 established a 'Native Development Account.' The funds in this account were to be applied by the Minister, in consultation with the Native Affairs Commission, in ways which would promote the welfare of Natives and provide specifically for the maintenance and improvement of education facilities. Originally only one fifth of the general tax was to be paid into this account, the remainder being merged into the general revenue of the State. In 1935 this was increased to two-fifths, in 1937 to three-fifths, in 1939 to two-thirds, in 1942 to five-sixths, and in 1943 to the whole of the general tax. Of the local tax, these amounts/.....

1. Report of the Native Farm Labour Committee, 1937-39, Para. 430.
2. Ibid. Para. 425.

amounts which were gathered in areas such as the Transkeian territories, the Glen Grey District and other Native areas, were to be paid to the relevant local Councils, the remainder being paid into the Native Development Account. Hence by 1943 it was unquestionable that the whole of the revenues of these taxes were used for purposes connected with Native welfare.

In 1936, the Government established as a corporate body a South African Native Trust with a special Trust Fund, which was to be utilised for the "settlement, support, benefit, and material and moral welfare of the natives of the Union." The Trust itself however, was mainly concerned with problems of land settlement. Native education, whether State or State-aided was controlled by the Provinces in terms of the South Africa Act, yet State grants for Native education were first made to the Trust Fund into which was also paid the moneys of the Native Development Account after 1936. The moneys earmarked for education were then transferred to the relevant authorities.

As stated above, only two-fifths of the general tax was earmarked for these special purposes in 1935, but even under these conditions it was argued that State expenditure on Native services and administration was slightly higher than the total revenues from Native taxes.¹ (See the reference to a statement by Mrs. Denys Reitz, M.P. in the South African Outlook). It would therefore be untrue to suggest that expenditure on Natives was rigidly limited by the revenues obtained from Native taxes, but that these latter had an important connection with the development of services for Natives can be seen from the views of the Native Farm Labour Committee mentioned above and from many other statements.

Mrs. M. Ballinger/....

1. January 1st, 1947.

Mrs. M. Ballinger, M.P., one of the Natives Representatives in the House of Assembly, wrote in 1943:

"Under the segregation policy, the African community is supposed to be a community completely apart, its separate existence financed from its own taxation." ¹

Indeed this principle gave rise to an objection to the application of income taxes to these Natives who came within their scope and who were exempted from Native Taxes. Here, as Mrs. Ballinger pointed out:

"As soon as improvement in an African's economic status makes it possible for him to contribute more than a basic amount to public revenue, he is at once brought under a law which draws his contribution away from the separate account for African development, that is the Native Trust Account and into the general revenue on which he and his people have no recognised claim." ²

In 1945 the method of dealing with the general tax was changed once more. Previously it has been paid in toto into the Native Trust, and four-fifths of this amount was earmarked for education. This sum for education was increased by a subsidy by the State amounting to some £340,000 in 1944/5 and further grants were made during the war period to cover the cost of living allowances of teachers in Native schools. In 1945, however, the State took over the financial responsibility for Native education. The expenditure on Native education for 1946-47 was £340,000 (including £860,000 on Native school-feeding, and the estimated expenditure for 1947-48 is £43,858,000). The four-fifths previously passing into the Trust is now paid into general revenue. Hence the Trust
only/...

1. Umteteli wa Bantu. 8 July, 1943.

2. Ibid.

only secures one-fifth of the general tax, but on the other hand its responsibilities as regards education have been eliminated.

Expenditures on items other than Education are given in Table III. In general it may be said that today there is no clear connection between the amounts gathered from Native Taxation and the total amount spent on services for Natives. The revenue from such taxation is not therefore to be considered as a significant factor limiting expenditure. On the other hand, it is clear that there is discrimination in public expenditures as between the European and the Native section of the population just as there is discrimination in the system and methods of taxation. What we wish to emphasise is that the first form of discrimination is very slowly being removed, the abandonment of the direct link between revenue from Native taxation and expenditures on services for Natives being an important step in this process.

The Collection of Native Taxes.

The collection of the Native Taxes is a problem which reveals many of their defects as instruments for gathering revenue. There is undoubtedly a strong incentive to evade the payment of all taxes, the burden of which is severe. In 1944 the Commission appointed to inquire into the operation of bus services for Non-Europeans considered the estimated family incomes and the minimum expenditures of Native workers living in the Witwatersrand, Pretoria and Vereeniging districts. The Report stated that the transport charges

"are beyond the capacity of the African workers to pay. Indeed it may be said that they (the African workers) cannot afford to pay anything. They certainly cannot afford to pay anything more in any direction, except by reducing their hunger diet." ¹

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1. U.G. 31, 1944, Para. 262.

If the estimates made by this Commission are taken as reliable it is equally true to say that the African workers in this area cannot afford to pay taxes, even though the direct tax payment is only a small percentage of income, varying between 0.8 and 1.2 of monthly expenditure.

The Department Committee of Enquiry into the Collection of Native Tax nevertheless found little or no objection by the Natives themselves to the principle of taxation and little objection even to the existing rates, but noted that "there was a general desire to point out the difficulties of payment produced by the economic position of the Native peoples." In other words, it was generally true that the Native would pay if he were able to do so.

"The difficulty lies with those who have fallen into arrear. Once a taxpayer has failed to discharge his liability for any given year the accumulative debt becomes too great for him to meet. As year follows year his difficulty increases until at last the mere sight of a policeman's uniform is sufficient to send him into hiding." ¹ The Committee stated that in the years 1935 and 1936 there were as many as 68,915 and 63,072 convictions for failure to pay taxes, and during 1936, 30,493 Natives served terms of imprisonment for failure to pay taxes. The Native Farm Labour Committee (1937-38) stated as far as rural workers are concerned;

"It was pointed out that the cash wages of the workers were ordinarily very small and the tax absorbed an undue proportion of their earnings ... The facts are as stated and the picture is not overdrawn." ²

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1. Report of the Departmental Committee of Enquiry into the Collection of Native Tax, 1938. para. 12.
 2. Report of Native Farm Labour Committee 1937-39. Para. 423 and 424.

There is this a considerable body of evidence in support of the view that the burden of the tax is unduly severe.

In part the severity of the tax arises out of its mode of collection. A tax payment required in a lump sum, from individuals with low incomes, is especially onerous. Taxes which have to be paid at distant centres, as is the case in many parts of the Reserves, or at inconvenient hours as in urban areas (e.g. during working hours) impose an additional real burden. The lack of any defined period of grace irritates the taxpayer. The Native Tax by no means conforms to the famous canon of convenience in taxation enunciated by Adam Smith as far back as 1789.

It is generally accepted that it is costly to collect a relatively small tax from a large number of people. This is true of the Native Tax. The Committee of Enquiry into the collection of Native Tax made many suggestions which would have ensured not only a greater revenue but would have removed many of the inconveniences to which the Native taxpayer is generally subject. The bulk of these suggestions involved an additional cost of collection:

"There will be the cost of the tax visits, the salaries of inspectors and headmen, the wages and equipment of the force of Native constables which will be necessary to enforce the system of control which is proposed and above all there will be the capital cost and the cost of maintaining the detention camps which it is proposed to establish... The Commission is satisfied that on the balance the expenditure which it proposes will be more than justified. Apart altogether from the psychological value of doing away with a system which in the opinion of most observers is resulting in the corruption of thousands of taxpayers by bringing them into association with the criminal/.....

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