

15 JUNE 1995

SUB-THEME COMMITTEE 6.2

**NATIONAL PARTY SUBMISSION
RELATING TO VARIOUS SECTIONS CONTAINED IN
CHAPTER 12 OF THE INTERIM CONSTITUTION**

1. SECTIONS 185 TO 188

The NP proposes that these sections, dealing respectively with the National Revenue Fund, the Annual Budget, Procurement Administration and Guarantees by National Government, should also be contained in the Final Constitution.

2. SECTION 189: SPECIAL PENSIONS

This section deals with Special Pensions and can be deleted since the provision will soon be carried into effect.

3. SECTION 190: INCOME TAX OF ELECTED REPRESENTATIVES

The NP submits that Section 190 of the Interim Constitution should be retained in an amended form as set out below.

One of the corner stones of tax morality is the certainty that all taxpayers have to pay their fair taxes, irrespective of their status or position in society. One way to enhance this is to make public the tax returns of all taxpayers. This has, however, never been the policy in South Africa. The argument is that such practice would be counter-productive since taxpayers would not be willing to reveal information in connection with their secret or unlawful activities in their tax returns if they run the risk of being exposed.

There is, however, one group of taxpayers whose actions should be above suspicion and who should set an example to other taxpayers. It is those persons who hold public office and have been elected by the people. This group includes all elected representatives at all levels of Government. Those are the representatives who make the tax laws and lay tax burdens on other people.

A strong case can be made out that the tax affairs of such persons should be totally transparent. It will inspire public confidence if there is certainty that the elected leaders bear an equitable tax burden and honour their commitments.

Much can be learnt from the experience in other countries with respect to transparency provisions pertaining to income tax returns as well as the financial position and interests of elected representatives.

The NP is of the opinion that the Constitution should require of the Commissioner for Inland Revenue to submit an annual report to Parliament stating the names of those elected public representatives at all levels of government who are in default with respect to their tax commitments. Information should be disclosed with respect to tax returns in arrears for more than a year as well as amounts of tax outstanding for more than a year. This should be sufficient exposure and the NP does not propose any other special steps against such defaulters.

The NP is not in favour of a constitutional provision in connection with the disclosure of the financial position and interests of elected representatives.

4. SECTIONS 207 AND 208: COMMISSION ON REMUNERATION OF REPRESENTATIVES

The National Party submits that the provisions in Sections 207 and 208 of the Interim Constitution for a Commission on Remuneration of Representatives should also be contained in the Final Constitution.

NATIONAL PARTY (NP)