trial. There is no limitation upon the *quantum* of such expenditure, but SARS may call for proof thereof.

The other type of expenditure is provided for in section 11(*u*). It refers to entertainment (including club subscriptions) incurred directly in connection with the taxpayer's trade and not falling under section 11(*a*). The deduction is the greater of (i) R2500, or (ii) R300 plus 5% of so much of the taxable income (before the deduction) as exceeds R6000.

The difference between section 11(*a*) and section 11(*u*) is that in the former case the deduction must be related to the production of income; in the case of section 11(*u*) it is enough that it is connected with the taxpayer's trade, such as entertaining business associates or clients without the immediate object of producing income, or belonging to a club because it may be "good for business". This is a somewhat fine distinction and raises an ethical issue for advocates. Such entertainment expenditure could be or could come close to being considered touting. Some of us have therefore been reluctant to claim that we indulge in such expenditure. SARS, sympathetically, has adopted the practice of allowing advocates (among other professions) to deduct expenditure under section 11(*u*) (not exceeding R2500) without requiring the expenditure to be supported by proof (see *SARS Practice Manual* A-223).

Value-Added Tax

Registration as a vendor is compulsory for every enterprise which has a turnover in fact or reasonably expected of R300-000 per annum. Below this figure registration is voluntary but not possible if the annual turnover cannot reasonably be expected to exceed R20000 within twelve months from the commencement of the enterprise. When the enterprise is registered input tax can be claimed in respect of the period before registration.

Registration brings with it the burden of having to fill in forms for each tax period (two months) setting out (in total) output tax (VAT on fees charged) and input tax (VAT paid on expenditures) resulting in a net amount payable to revenue or a net amount refundable by revenue. Registration is worthwhile because it enables counsel to recover the VAT payable by them on rent, telephone, equipment or the like. (There is no output tax on salaries paid to staff.)

Where counsel operate in association for the purpose of expenditure (other than salaries) such as rent, equipment etc (usually payable from floor dues), the input tax payable will be shared between them, ie each must claim his share in rendering his VAT return.

Regional Services Levies

There is a regional service levy (payable monthly or at longer intervals by arrangement with the relevant authority). There are two levies: one on gross turnover, the other on salaries paid, including drawings by the taxpayer. There could be a theoretical difference between the net amount left over after paying all expenses and the drawings of counsel. Because of the small amount of levy involved, I suggest that the net amount be treated as drawings whether or not it is fully withdrawn from the practice bank account. It will save a lot of calculation.

[*Quaere:* are all counsel aware of the existence of the levy or, if aware, are all paying?]

Skills Levy

This is a very recently imposed levy. It is imposed on every person who has an employee or employees. The rate is 0,5% on the total remuneration paid to staff, increasing to 1% from 1 April 2001. The Act is the Skills Development Levy Act 9 of 1999.

General

Finally, a word of advice. Do not regard what you have just read as completing your tax education. Go to one or other of the reliable textbooks which you can borrow from colleagues who possess them and learn therefrom what your country expects from you by way of tax. 🕮

Plain English

One of the features of the new Civil Procedure Rules (CPR) which were introduced in England in 1998 (following Lord Woolf's *Access to Justice: Final Report*) is the introduction of "plain English".

In *New Zealand Law Journal* September 2000 David Cairns comments as follows:

"The Civil Procedure Rules ("CPR") are drafted in plain English. This has meant the demise of much familiar terminology in favour of plainer alternatives: plaintiffs are now claimants, discovery is now disclosure, statements of claim are now claims, and pleadings are statements of case; an Anton Piller order is a "search order" and a Mareva injunction a "freezing injunction". Further, the CPR contain, in addition to the definition section, a "Glossary" as a layman's guide to the meaning of certain common legal expressions retained in the CPR (such as affidavit, counterclaim, injunction, and privilege).

The use of plain English is not simply a cosmetic change nor is it intended, as in the plain English drafting of banking and insurance contracts, to facilitate the comprehension of the text while leaving the substantive meaning unchanged. Rather the use of plain English serves two functions integral to the philosophy of the new rules. Firstly, it emphasises the *new constitutional significance* of civil procedure. Access to justice is a constitutional right and therefore the rules which define access to the Courts should be readily comprehensible by the ordinary citizen. Secondly, plain English eliminates much legal terminology encrusted with precedent, thereby achieving *a radical break with the past* and privileging the text of the CPR over common law practice. A dramatic illustration of the simplification and break with the past achieved through plain English is in Part 18 which consists of two rules relating to "Obtaining Further Information". The provision of further information pursuant to Part 18 replaces the historic concepts of interrogatories and particulars, and makes irrelevant all the accumulated case law relating to these defunct concepts."