

**PROFESSIONAL EVALUATION
ENGLISH QUESTION PAPER
9 May 2015**

TIME: 4h30min
MARKS: 200

SECTION A	MULTIPLE CHOICE	MARKS
	TOTAL SECTION A	50
SECTION B		
	CASE STUDY 1	60
	CASE STUDY 2	55
	CASE STUDY 3	35
	TOTAL SECTION B	150
TOTAL		200

INSTRUCTIONS TO CANDIDATES

1. Answer all the questions.
2. Please begin each question on a new page.
3. Section A must be answered in pencil on the card provided.
4. Section B must be answered in the answer book.
5. No pencil (with the exception of Section A) or tippex may be used.
6. Financial calculators are permitted. Cellular phones may NOT be used as calculators.
7. If you wish any part of your work not to be marked, draw a clear line through it.
8. The question paper may be taken with you at the end of the examination.

SECTION A MULTIPLE CHOICE QUESTIONS

[50 marks]

Question 1

The Companies Act, Act 71 of 2008, allows for company names to be changed. Which of the following is false?

- a. Company names with the word “sure” (e.g. telesure, insurance, etc) in it, must also submit an approval letter from the Financial Services Board (FSB) to use such name.
- b. A company initially incorporated with only its registration number may change its name free of charge at CIPC.
- c. A resolution by the directors of the company, to change its name, is never a requirement for a name change.
- d. The approved name reservation document issued by the CIPC is a CoR9.4.

Question 2

With effect from 1 May 2011, Close Corporations may be converted to Companies, but Companies may not be converted to Close Corporations any more. Which of the following statements is true?

- a. On 1 May 2011, every registered Close Corporation was automatically converted to a limited liability Company.
- b. Only 49% of the members of a Close Corporation is required to give written consent for the conversion of their Close Corporation into a Company.
- c. A CK7 (reservation of name) must be filed electronically with the CIPC.
- d. The form CoR18.1 (Notice of Conversion) must be filed.

Question 3

Which of the following probable reasons is not considered valid grounds for the CIPC to deregister a Close Corporation?

- a. The Close Corporation has failed to submit an annual return to the CIPC for 1 year only.
- b. The Close Corporation has transferred its registration to a foreign jurisdiction.
- c. The CIPC has determined that the Close Corporation has been inactive for at least 7 years.
- d. The CIPC has received a request from the Close Corporation to be deregistered because the Close Corporation has ceased to carry on business.

Question 4

Broad-Based Black Economic Empowerment (B-BBEE) certificates are governed by the Codes of Good Practice, or sector-specific codes, whatever the case may be. When the Accounting Officers of Close Corporations issue such B-BBEE certificates, it is deemed that;

- a. Such Accounting Officer has performed an Agreed-Upon Procedure engagement as defined by the IFAC standards.
- b. The Accounting Officer is in fact a B-BBEE Verifier, in terms of the applicable statute.
- c. The entity is a start-up entity.
- d. None of the above is correct.

Question 5

Section 90(2) of the Companies Act, Act 71 of 2008, prohibits an auditor to provide audit and certain specified services to the same company. Which of the following activities can be classified as maintenance of financial records?

- a. Compilation of purchase orders
- b. Completion of tax computations
- c. Completion of Compensation Fund forms
- d. All of the above

Question 6

Select the most appropriate word to complete the definition:

A _____ is the threat that an event, action or non-action could adversely affect an organization's ability to achieve its business objectives and execute its strategies successfully.

- a. Strategy Plan
- b. Internal Control Procedure
- c. Risk
- d. Verification Procedure

Question 7

Which of the following is not a descriptor of Corporate Governance?

- a. A system by which the Company is directed and controlled
- b. It holds the balance between economic and social goals
- c. It only concerns with tax compliance
- d. It aims to align the interests of individuals, corporations and society

Question 8

Which of the following is not a principle of good governance?

- a. Social Responsibility
- b. Profit maximising at all cost
- c. Accountability to society
- d. Transparency

Question 9

The principle which requires an independent accounting professional to act in such a way that the reputation of his/her profession is enhanced including being courteous and considerate and not discriminating against any one is known as:

- a. Professionalism
- b. Independence
- c. Integrity
- d. Objectivity

Question 10

Select the employee benefit which is not subject to output vat.

- a. Right of use of motor vehicle
- b. Release by employer of employee's debt to the employer
- c. Travel allowance
- d. Free or cheap services given by employer in terms of a contract of employment

Question 11

Which of the following income streams are regarded as revenue from a trade in terms of the income tax act?

- a. Royalties earned
- b. Rentals earned from owned property
- c. Interest earned
- d. Dividends received

Question 12

Leroy September trading as Cape Flats Electricians entered into a lease agreement to acquire a panel van for business purposes. The trainee accountant classified the panel van as an asset in the statement of financial position. Which option represents the principle which informs the classification of leased motor vehicles as assets?

- a. Going concern
- b. Materiality
- c. Prudence
- d. Substance over form

Question 13

In attempting to address the youth unemployment crisis in South Africa, the Government introduced the Employment Incentive Scheme in the latter half of 2013. Which of the following statements are false?

1. The Employment Incentive Scheme is only open to unemployed black graduates
2. The Incentive is paid directly into the Employer's nominated bank account by the Department of Labour, on application
3. Employers may retrench their workforce in order to appoint a younger labour force and benefit from the Employment Incentive Scheme
4. Employers may claim the Employment Incentive Scheme benefits if the appointed employee was brought into employment at the Employer on or after 1 October 2013
5. Employment Incentive Scheme claims may be set off from Unemployment Insurance payments made by the Employer

- a. All the statements are false
- b. Only statement 4 is false
- c. Both statements 2 and 4 are false
- d. Statements 1, 2, 3 and 5 are false

Question 14

Tumi Tumblers (Pty) Ltd is an owner-managed manufacturer of glassware, which is distributed on the flea markets of the Nelson Mandela Bay Metropole. During the 2014 calendar year 43 200 tumblers, that is 300 dozen per month, were produced. The costs incurred during the same period were:

Direct Labour	R31 000
Indirect Labour	R24 000
Direct Materials	R25 000
Factory Rent	R16 500
Factory Machinery Depreciation	R6 000
Office Equipment Depreciation	R1 000
Marketing Expenses	R2 500
Other Administration Costs	R12 000

The product cost per unit, rounded off to the 2nd decimal point, is

- a. R0.91
- b. R1.82
- c. R1.88
- d. R2.73

Question 15

Lindiwe Maziboko, a South African national, trades as African Taste Café, a restaurant in the southern suburbs of Cape Town. For the months of November 2014 to February 2015, four persons were employed to service demand during the peak season. They all got paid R3 500 per month. Identify the person who is considered as a qualifying employee for the Employment Tax Incentive scheme:

- a. Nomalanga, the Owner's 20 year old daughter
- b. Joseph, Nomalanga's 22 year old boyfriend from the Democratic Republic of the Congo, on a student visa
- c. Chinua, 27 year old registered asylum seeker with Home Affairs hailing from Bujumbura, a Burundian
- d. Petros, 32 year old previously unemployed South African

Question 16

The bookkeeper of Cape Electricians (Pty) Limited, a VAT Vendor, has neglected to include the VAT on fringe benefit for the use of a 4x4 double cab bakkie owned by the Company and exclusively used by the Managing Director, since she took responsibility for the submission of VAT returns in April 2013. The vehicle was acquired in March 2005 for R182 000 (inclusive of VAT). Which of the following is correct?

- a. As the vehicle is already fully depreciated in terms of the SARS wear and tear allowances, no VAT on the fringe benefit is payable
- b. VAT on fringe benefit for use of motor vehicles is not payable on double cab bakkies
- c. The VAT amount of R22 350.88 ought to have been already claimed at the time of acquisition in the relevant VAT period
- d. None of the above

Question 17

Cape Electricians (Pty) Limited, a VAT vendor, purchased an electricity generator to minimize the downtime as a result of continuous Eskom load-shedding on 1 December 2014. The following payments were made in connection with the acquisition of the generator:

16 November 2014	Deposit Paid on order – inclusive of VAT	R 11 400
30 November 2014	Delivery Costs from Supplier – inclusive of VAT	R 3 420
01 December 2014	Installation Costs – paid to a non-VAT vendor	R 2 000
01 December 2014	Balance of Purchase Price – VAT inclusive	R102 600
01 December 2014	Diesel used to test the generator	R 1 000
01 December 2014	Administration Costs during testing	R 2 000

The initial cost to be recognized as part of Property, Plant and Equipment is

- a. R122 420
- b. R120 420
- c. R106 000
- d. R105 632

Question 18

You have been appointed Accounting Officer to the School Governing Body of Erkhuleni High School, a public school under the Gauteng Education Department. The School Governing Body appointed 5 additional teachers, a bursar and a cleaner. For the year ending 31 December 2014, the salaries and wages and bonuses paid to the SGB appointees amounted to R650 000. Income from school fees was R1 300 000 and additional revenue is generated by hiring out the school hall which added another R75 000. Identify the statutory registrations required for the SGB

- a. Compensation Fund
- b. Skills Development Levy
- c. Income Tax
- d. Value Added Tax

Question 19

As a newly qualified Professional Accountant (SA), you have been approached by the Masiphumelele Charitable Trust to accept appointment of the office of Accounting Officer.

You:

- a. May accept the appointment solely on the basis that you qualify to fill such office as per article 17(2) of the Non Profit Organisations Act, Act 71 of 1997
- b. Have to peruse the Deed of Trust of the Organisation to ensure you are duly qualified to accept such appointment
- c. May not accept such an appointment, as you do not have any experience in filling such office
- d. Have to be registered as a Tax Practitioner at SARS

Question 20

Tom, Dick and Harry formed a partnership styled TDH Professional Accountants, a firm that provides accountancy, tax and business consultancy services. The partners are considering the quality control system that they introduce and maintain in their firm. Which of the following is not an objective of such quality control system? TDH Professional Accountants must have reasonable assurance that the firm and its staff:

- a. Comply with professional standards
- b. Ensure that all fees for engagements are invoiced and collected
- c. Comply with applicable legal and regulatory requirements in the execution of their duties
- d. Issue reports appropriate in the circumstances

Question 21

What is the aggregate amount included in the determination of profit or loss for the period in respect of all taxes called?

- a. Current Tax
- b. Deferred Tax Assets
- c. Tax Base
- d. Tax Expense

Question 22

Which of the following statements does not hold true for the Accrual Basis of Accounting?

- a. Income which is recognised, which is not dependent of cash receipts
- b. Expenses which is recognised as a measure of effort when incurred and relate such expense to income
- c. May misrepresent the long run cash generating ability of the business, as it is factual
- d. None of the above

Question 23

Section 12E of the Income Tax Act clearly defines a Small Business Corporation for Income Tax purposes. Ubuntu Trading CC has been taxed as a Small Business Corporation for the 2013 tax year. On 25 January 2015, the Professional Tax Practitioner (SA) is preparing the submission of the IT14 for the year ended 28 February 2014. Turnover for the year under review amounted to R15-million. Which of the following transactions will void the Small Business Corporation tax status for the year ended 28 February 2014?

- a. Ubuntu Trading CC was awarded a R30-million tender on 15 January 2014, for the supply of frozen chicken to the Victor Verster Prison from 1 February 2014 to 31 January 2015. R2.5-million was invoiced and delivered by 28 February 2014.
- b. On 20 February 2014, the members of the Ubuntu Trading CC resolved to convert the CC to a (Proprietary) Limited, and CIPC registered the Memorandum of Association on 14 March 2014
- c. Jakes Buthelezi, a silent partner and holder of 5% of Ubuntu Trading CC's members interest bought his home, which is held in Summer Place2216 CC and he became 100% member of the latter CC on 2 February 2014
- d. All of the above

Question 24

Which of the following entities is considered a Personal Service Provider, as defined in the Income Tax Act?

- a. Cape Performance Consulting CC employs 8 unrelated fulltime workers at a major chain store from the premises of the chain store's head office who settles the invoice for the agreed amount on the 15th of each month
- b. Cape Performance Consulting CC employs 8 fulltime workers, which includes the 3 members and their spouses and other connected persons, at a major chain store from the premises of the chain store's head office who settles the invoice for the agreed amount on the 15th of each month
- c. Nomalanga Gunguluza is the sole member and only fulltime employee of Nomalanga Cleaners CC, which Close Corporation is contracted annually to clean all the restrooms of a major chain store at their head office, or such other duties which the Operations Executive may direct
- d. (b) & (c)

Question 25

The day on which your results of this Professional Evaluation is made known, and you have been duly declared competent, then you may

- a. Privately solicit the clients which you worked on at your Accredited Training Center and open up your own Accounting Practice without sending letters of professional courtesy to your previous employer, as you already know the Clients
- b. Advertise your services on every lamp post in your area of residence
- c. Do neither (a) nor (b)
- d. Do both (a) and (b)

SECTION B CASE STUDY QUESTIONS

Case Study 1

[60 marks]

PART A

As a result of cash flow problems being experienced by Aryen Robin Ltd, the company decided to enter into a finance lease transaction in order to solve some of their financial problems. The financial year end of the company is 31 August.

Aryen Robin Ltd requires new machinery and entered into a finance lease agreement with Von Persee Ltd on 1 September 2013. The terms of the lease were as follows:

- Aryen Robin Ltd is required to pay Von Persee Ltd 5 equal annual instalments of R157 704 after the first payment of R100 000 on 1 September 2013.
- On 1 September 2013 the cash value of the machinery was R600 000.
- The effective interest rate implicit in the lease is 16% p.a.
- The estimated useful life of the machinery is 10 years.
- When the last instalment is paid on 1 September 2018 ownership of the machinery will pass to Aryen Robin Ltd.

Schedule of lease payments

Date	Amount
1 September 2013	R100 000
1 September 2014	R157 704
1 September 2015	R157 704
1 September 2016	R157 704
1 September 2017	R157 704
1 September 2018	R157 704

You are required to:

Prepare in as much detail as the information allows,

(i) the Statement of Financial Position of Aryen Robin Ltd for the year ended 31 August 2014, giving particular attention to

- | | |
|-----------------------------------|---|
| 1) <i>Non Current Assets</i> | 4 |
| 2) <i>Non Current Liabilities</i> | 7 |
| 3) <i>Current Liabilities</i> | 4 |

(ii) The relevant Notes to the Annual Financial Statements of Aryen Robin Ltd for the year ended 31 August 2014, giving particular attention to

- | | |
|---|----|
| 4) <i>Accounting Policy Notes in respect of the new machinery</i> | |
| <i>and the resultant deferred tax effects</i> | 6 |
| 5) <i>Property, Plant and Equipment</i> | 5 |
| 6) <i>Long term and Short term liabilities</i> | 10 |
| 7) <i>Deferred Tax</i> | 6 |

(42 marks)

PART B

Neymar Ltd is a manufacturer of sports equipment and clothing for all schools in Gauteng. As South Africa is part of the BRICS group of countries, the board of directors of Neymar Ltd decided to obtain a foreign loan to improve the company's liquidity. All the necessary statutory requirements were adhered to and the loan was obtained from Maicon Investment Bank.

The financial year end of the company is 31 August.

The loan was approved on 1 September 2012 and the money was deposited into the bank account of Neymar Ltd on the same date. An extract from the loan agreement with Maicon Investment Bank contained the following information:

- The amount of the loan was 500 000 BRL (Brazilian Real).
- Interest is **payable in advance** beginning on 1 September 2012 at a market related interest rate of 10% per annum.
- The capital amount is repayable at 50 000 BRL per annum beginning on
1 September 2013.
- No forward cover was taken out by Neymar Ltd.
- The relevant exchange rates are as follows:

1 September 2012 R1 = 0.2420 BRL
31 August 2013 R1 = 0.2280 BRL
1 September 2013 R1 = 0.2325 BRL
31 August 2014 R1 = 0.2061 BRL
- The changes in the exchange rate occurred evenly during the periods under review.

You are required to:

Prepare the relevant journal entries for Neymar Ltd for the financial years ending
31 August 2013.

Narrations are required!

(18 marks)

Case Study 2

[55 marks]

This question consists of 4 unrelated parts

PART A

Alright (Pty) Ltd is a resident company and is situated in central Johannesburg. Alright (Pty) Ltd is not a registered VAT vendor and sells plastics goods. It has a 31 December year end.

On 1 August 2014 one of the delivery vehicles was involved in an accident, en route to deliver goods to a customer. As it was an extremely stormy day and the driver was speeding, the driver lost control of the vehicle and crashed into another vehicle. The driver of the delivery vehicle was not injured however the driver of the other vehicle was admitted to hospital for internal bleeding and needed an emergency operation. Alright (Pty) Ltd paid the driver of the other vehicle R70 000 in damages.

Alright (Pty) Ltd also paid speeding fines of R2 500 on 1 September 2014.

YOU ARE REQUIRED TO:

1. Discuss whether or not the R70 000 damages paid to the driver of the other vehicle is tax deductible or not in the hands of Alright (Pty) Ltd. Motivate your answer with reference to the relevant sections of the Income Tax Act.

(12 marks)

2. Discuss the income tax consequences of the speeding fines paid by Alright (Pty) Ltd. Motivate your answer with reference to the relevant sections of the Income Tax Act.

(3 marks)

PART B

Palmer CC is a resident corporation and is situated in Cape Town. Mr Andy David is the sole member of Palmer CC and is a South African resident. Palmer CC is a registered VAT vendor and manufactures children's shoes. It has a 30 June year end.

Mr Andy Davids does not hold any member's interest or shares other than the ones he holds in Palmer CC.

Since its incorporation the entity's turnover has steadily increased and amounted to R19 000 000 (excluding VAT) for the year of assessment ending 30 June 2014. In addition to the turnover of R19 000 000, Palmer CC received interest from local banks of R226 200 and local dividends of R300 000. A recoupment of R100 000 on a manufacturing machine was also determined for the year of assessment ending 30 June 2014.

On 1 October 2013, Palmer CC granted Mr Andy David a R1 000 000 interest free loan. The loan was granted at Mr Andy David's instance and remained unpaid at 30 June 2014. The official rate of interest from 1 August 2012 is 6% and from 1 February 2014 is 6.5%.

YOU ARE REQUIRED TO:

- a). Discuss, based on the available information, whether Palmer CC qualifies as a small business corporation (SBC), as defined in the Income Tax Act, for the year of assessment ending 30 June 2014. **(8 marks)**
- b). Discuss the income tax consequences for Palmer CC of the loan granted to Mr Andy David. Ignore any VAT consequences. **(12 marks)**

PART C

Mrs Ash Naidoo is employed as the chief financial officer for Veetee Ltd. She was awarded an overseas holiday to the value of R120 000 by Veetee Ltd in July 2014 for winning the best salesperson of the year (for Veetee Ltd's year of assessment from 1 July 2013 to 30 June 2014). The holiday includes flights and accommodation for her spouse and two children. The accommodation costs R80 000 and the flights R40 000. The accommodation is not owned by Veetee Ltd. She has the option of taking the cash value of the prize (R120 000) instead of taking the overseas holiday. Ash is unsure which of the two options would be most tax beneficial for her.

YOU ARE REQUIRED TO:

Advise Mrs Ash Naidoo with reference to the relevant sections of the Income Tax Act which of the two options would be most tax beneficial for her. Ignore any VAT consequences. **(9 marks)**

PART D

Alan King, age 24, entered into an agreement with his employer, Mets (Pty) Ltd, a resident company situated in Durban, whereby he leased his motor vehicle to Mets CC for R6 000 (excluding VAT) per month from 1 March 2014 and in return received the right of use of the motor vehicle back as a fringe benefit. He was employed by Mets (Pty) Ltd for the entire 2015 year of assessment.

The motor vehicle was received as a birthday gift from his father on 1 October 2012, and cost his father R180 000 (excluding VAT). The motor vehicle dealer from whom Alan's father acquired the motor vehicle charged VAT of R25 200 on the purchase price of the motor vehicle and the market value in terms of the VAT Act of the motor vehicle on this day was R205 200. On 1 March 2014 the odometer reading was 16 700 and at the end of the day on 28 February 2015 the odometer reading was 42 600. Alan kept a record of business kilometers travelled. According to Alan's logbook he travelled 12 500 kilometers for business purposes of which 3 400 was for travelling from his residence to the office. Alan is responsible for the fuel and maintenance expenditure relating to the motor vehicle.

YOU ARE REQUIRED TO:

Calculate the amount/s from the above transaction to be included in Alan King's taxable income for the year of assessment ended 28 February 2015. Provide brief reasons where the amount does not have an impact on taxable income.

(11 marks)

Case Study 3

[35 marks]

MANAGEMENT ACCOUNTING AND AUDITING

Yebo Gogas (Pty) Ltd is a medium-sized South African based company of retail stores specializing in clothing, personal hygiene items and soft furnishings. An independent review is currently underway and the review team has been requested to perform a comprehensive financial and operational audit of the accounts receivable function. Customer accounts receivable comprise a significant percentage of the transactions and the review has been limited to the Customer accounts . The following narrative comments have been taken from the working papers describing the audit work performed on a recently completed audit. In addition the FD has requested some assistance in reviewing the cash budget system.

Review of Customer receivables

The current accounting system has developed over a period of years. The documentation of the system is limited, and the individual who developed most of the system has recently retired. The employees seem very well trained and appear to be capable. The replacement for the retired system developer has a limited knowledge of the system's capabilities and controls. The original system manual, flow charts, and so forth are in the department's office, but are badly out of date.

1. Transaction data is captured from several sources. Most of the transactions are billings and payments for clothing and are entered manually by accounting department personnel. A key control for this process involves verifying Customer numbers for validity and accuracy, and matching invoice data to source documents. Invoices are entered twice, and the computer program compares data to assure accuracy. The invoices are processed in batches and the use of *Control totals* help ensure the accuracy and completeness of the processing. Controls seemed strong in this process.
2. The individual stores around the country as well as other functions at head office can input transactions electronically. Suspense files capture the transactions that are rejected by the receivable system. Because these departments were outside of the scope of the audit, they were not examined.
3. The cashier processes cash payments from Customers. Since this is a Treasury function, it was also considered to be outside the scope of the Customer receivables audit. The transactions from the cashier are electronically transmitted to the Customer accounts receivable program, and suspense files capture transactions that are not acceptable.

The auditors relied solely upon discussions with management and users and did not look at the system documentation or further test the system,

The following information is available:

- The cash balance at the beginning of September is R 9 000
- Actual sales for July and August and expected sales for September are as follows:

	July	August	September
Cash Sales	6 500	5 250	6 700
Credit Sales	20 000	30 000	40 000
Total Sales	26 500	35 250	46 700

Sales are collected over a three – month period in the following ratio : 10 % collected in the month of sale , 70% collected in the month following the sale , and 18% collected in the second month following the sale. The remaining 2% is uncollectible.

- Purchases of inventory will total R 25 000 for September. Twenty percent of a month's inventory purchases are paid for during the month of purchase. The Accounts payable remaining from August's inventory purchases total R 16 000 , all of which will be paid in September
- Selling and administrative expenses are budgeted at R 13 000 for September. Of this R 4000 is for depreciation.
- Equipment costing R18 000 will be purchased for cash during September, and dividends totaling R 3000 will be paid during the month
- The company must maintain a minimum cash balance of R 5000. An open line of credit is open with the bank to bolster the cash position as needed.

YOU ARE REQUIRED TO:

1. From the information above, identify the business risks associated with the current system. Briefly justify why these are business risks to the organization. **(12 marks)**
2. Prepare a schedule of expected cash collections for September. **(6 marks)**
3. Prepare a cash budget for September. When Preparing your answer you must take into account the minimum cash balance that the company needs to maintain , as such to Indicate to the financing section any borrowing that will be needed for September.

(17 marks)

END OF EXAM

Annexure A - Tax Tables

TABLE 1

RATES OF NORMAL TAX PAYABLE BY PERSONS OTHER THAN COMPANIES AND TRUSTS (BUT INCLUDING SPECIAL TRUSTS AS WELL AS INSOLVENT AND DECEASED ESTATES) IN RESPECT OF YEARS OF ASSESSMENT ENDING 28 FEBRUARY 2015

Taxable Income		Rates of Tax
Exceeds R	But does not exceed R	R
0	174 550	0 + 18% of each R1
174 550	272 700	31 419 + 25% of the amount above 174 550
272 700	377 450	55 957 + 30% of the amount above 272 700
377 450	528 000	87 382 + 35% of the amount above 377 450
528 000	673 100	140 074 + 38% of the amount above 528 000
673 100		195 212 + 40% of the amount above 673 100

TABLE 2

TURNOVER TAX DUE BY MICRO BUSINESSES IN RESPECT OF YEARS OF ASSESSMENT ENDING 28 FEBRUARY 2015

Turnover		Rates of Tax
Exceeds R	But does not exceed R	R
0	150 000	0
150 000	300 000	0 + 1% of the amount above 150 000
300 000	500 000	1 500 + 2% of the amount above 300 000
500 000	750 000	5 500 + 4% of the amount above 500 000
750 000	and above	15 500 + 6% of the amount above 750 000

TABLE 3

RATES OF TAX FOR COMPANIES AND CLOSE CORPORATIONS (OTHER THAN MINING COMPANIES AND LONG-TERM INSURERS AND RETIREMENT FUNDS)

Financial years ending during the period of twelve months ending 31 March 2015

<u>Type of company</u>	<u>Rate of tax</u>
Small business corporations	
Taxable income:	
R0 – R70 700	0%
R70 701 – R365 000	7% of the amount over R70 700
R365 001 – R550 000	R20 601 + 21% of the amount over R365 000
Exceeding R550 000	R59 451 + 28% of the amount over R550 000
Personal service provider companies	28%
Companies	28%
Secondary tax on companies	
until 31 March 2012	10%
Dividends Tax (effective from 1 April 2012)	15%

TABLE 4

REBATES: YEARS OF ASSESSMENT ENDED LAST DAY OF FEBRUARY

	2015
	R
Primary	12 726
Secondary (65 years of age or older)	7 110
Tertiary (75 years of age or older)	2 367

TABLE 5

MEDICAL SCHEME FEES TAX CREDITS: YEARS OF ASSESSMENT ENDED LAST DAY OF FEBRUARY

Under 65 years	2015 R
Taxpayer only	257 per month
Taxpayer plus one dependent	514 per month
Additional dependants	172 per month

65 years and older there are no medical scheme fees tax credits.

TABLE 6**SCALE OF VALUES - TRAVEL ALLOWANCE**

Value of the vehicle	Fixed cost	Fuel cost	Maintenance cost
R	R per annum	c per km	c per km
0 – 80 000	25 946	92.3	27.6
80 001 – 160 000	46 203	103.1	34.6
160 001 – 240 000	66 530	112.0	38.1
240 001 – 320 000	84 351	120.5	41.6
320 001 – 400 000	102 233	128.9	48.8
400 001 – 480 000	120 997	147.9	57.3
480 001 – 560 000	139 760	152.9	71.3
Exceeding 560 000	139 760	152.9	71.3

TABLE 7

Rental value of use of residential accommodation: $(A - B) \times \frac{C}{100} \times \frac{D}{12}$
S10A: Capital portion of a purchased annuity: $Y = \frac{A}{B} \times C$
S10A: Capital portion on termination or commutation: $X = A - D$

TABLE 8

TABLE OF TAX LIABILITY ON RETIREMENT FUND LUMP-SUM BENEFITS IN RESPECT OF YEARS OF ASSESSMENT ENDING 28 FEBRUARY 2015

Taxable amount	Rate of tax
Up to R500 000	0% of taxable income
Exceeds R500 000 but not R700 000	R0 + 18% of taxable amount above R500 000
Exceeds R700 000 but not R1 050 000	R36 000 + 27% of taxable amount above R700 000
Exceeds R1 050 000	R130 500 + 36% of taxable amount above R1 050 000

TABLE 9

TABLE OF TAX LIABILITY ON RETIREMENT LUMP-SUM WITHDRAWAL BENEFITS IN RESPECT OF YEARS OF ASSESSMENT ENDING 28 FEBRUARY 2015

Taxable amount	Rate of tax
not exceeding R25 000	0% of taxable income
Exceeds R25 000 but not R660 000	R0 + 18% of taxable amount above R25 000
Exceeds R660 000 but not R990 000	R114 300 + 27% of taxable amount above R660 000
Exceeds R990 000	R203 400 + 36% of taxable amount above R990 000

TABLE 10

PRESCRIBED INTEREST RATES FOR FRINGE BENEFITS (per annum)

From 1/03/2007	10%
From 1/09/2007	11%
From 1/03/2008	12%
From 1/09/2008	13%
From 1/03/2009	11.5%
From 1/06/2009	9.5%
From 1/07/2009	8.5%
From 1/09/2009	8%
From 1/10/2010	7%
From 1/03/2011	6.5%
From 1/08/2012	6%
From 1/02/2014	6.5%
From 17/07/2014	6.75%