TAXABLE INCOME FRAMEWORK

Gross income
- Definition
- Special inclusions
Less: Exempt income
Gives: Income
Less: Allowable deductions
Add: Taxable capital gain
Gives: TAXABLE INCOME

- The total amount
- In cash or otherwise
- Received by or accrued to
- During the year of assessment
- Not of a capital nature

- Lease premiums
- Leasehold improvements
- Proceeds from disposal of assets
- Dividends
- Key-man insurance policies
- Recoupments
TAXABLE INCOME FRAMEWORK

Gross income
- Definition
- Special inclusions

Less: **Exempt income**
Gives: **Income**

Less: Allowable deductions
Add: Taxable capital gain

Gives: **TAXABLE INCOME**

Exempt income is income that has already been included in gross income, but the Act provides that it is not taxable or that a certain portion is not taxable.

TAXABLE INCOME

Gross income
- Definition
- Special inclusions

**Less:** Exempt income
**Gives:** Income

**Less:** Allowable deductions
- General deduction formula
- Specific deductions
- Capital allowances

**Add:** Taxable capital gain

**Gives:** TAXABLE INCOME

Section 11 (a):
- Expenditure and losses
- Actually incurred
- During the year of assessment
- In the production of income
- Not of a capital nature

Section 23
- Prohibited deductions
- Double deductions
- Legal expenses
- Restraint of trade
- Copyrights etc.
- Research and development
- Bad and doubtful debts
- Etc.....
TAXABLE INCOME FRAMEWORK

Gross income
Definition XXX
Special inclusions XXX
Less: Exempt income (XXX)
Income XXX
Less: Allowable deductions
  General deduction formula (XXX)
  Specific deductions (XXX)
  Capital allowances (XXX)
Taxable Income before taxable capital gain XXX
Add: Taxable capital gain XXX
TAXABLE INCOME XXX

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