

Tutorial Letter 202/1/2014

Principles of Taxation

TAX2601

Semester 1

Department of Taxation

SUGGESTED SOLUTION

ASSIGNMENT 1

Bar code

Dear Student

This tutorial letter contains the solutions to Assignment 1. The solution to Assignment 2 will be provided in Tutorial Letter 203, and the questions and solutions to Assignment 3 are provided in Tutorial Letter 201.

Good luck with your preparation for the examination.

Kind regards

TAX2601 LECTURERS

<p>Telephonic contact with lecturers: The following lecturers are available to assist you:</p> <p style="padding-left: 40px;">Prof AP Swanepoel Ms MSI Wentzel Ms R Matenche Ms C Stedall Mr M van Dyk Ms E Doussy Ms R Moosa Ms N Thoothe Mr A Swanepoel Ms C Cass</p>	<p style="text-align: center;">012 429 4133</p> <p>(This is a hunting line – you will need to let it ring to that the exchange can find a free extension.)</p>
<p>Departmental cellphone number:</p>	<p>079 365 1124</p>
<p>Fax numbers: (Taxation Department)</p>	<p>012 429 4902 or 012 429 4443</p>

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SUGGESTED SOLUTION: ASSIGNMENT 01/1/2014

1. (4)
2. (3)
3. (1)
4. (3)
5. (3)
6. (2)
7. (3)
8. (2)
9. (1)
10. (1)
11. (3)
12. (4)
13. (1)
14. (3)
15. (2)
16. (4)
17. (2)
18. (4)
19. (4)
20. (4)
21. (1)
22. (4)
23. (4) (R20 852 + ((R525 000- R365 000) x 21%))
24. (1) (R1 400 000 x 28%) - R238 000; second provisional payments are due before or on the same date as the financial year-end of the company.

SUGGESTED SOLUTION: ASSIGNMENT 01 (continued)

25. (4) Last assessment was 2011, therefore the taxable income for 2011 of R691 000 must be increased by 8% for each year that has passed until the tax year in question, which is 3 years. Therefore, the basic amount is = $R691\ 000 + (R691\ 000 \times 8\% \times 3\text{yrs}) = R856\ 840$.
26. (2) $(R375\ 000 \times 28\%) - R53\ 000 - R10\ 000$
27. (4)
28. (3) $(R650\ 000 + (R42\ 000 \times 50\%) + R21\ 000)$
29. (3) $(R5\ 500 + (R633\ 000 - R500\ 000) \times 4\%)$
30. (2) The 2013 taxable income is used, as the assessment was received more than 14 days before the provisional payment is due. This amount will not be increased with 8% per year, as not more than 18 months have passed. $(R1\ 121\ 721 \times 28\%)/2 = R157\ 041$.