The following income accrued to the trust during the 2014 year of assessment:

Income	**R**
Rental income	120 000
Local dividends	40 000
Foreign dividends	35 000
	195 000

The annual distributions approved by the trustees of the trust amounted to the following:

1. R50 000 rental income was retained in the trust from the previous year of assessment. The full amount was distributed to Clifford.
2. Mpo received an amount of R100 000, paid pro-rata out of all trust income.
3. Patty received a R3 000 monthly annuity, paid pro rata out of all trust income.

You are required to:

(1) Calculate the taxable income of Clifford, Mpo, Patty and the Ndube Trust for the current year of assessment.

(2) Calculate the normal tax payable by the trust for the current year of assessment.

Answer 10.4

	Total	**Rental**	**Local dividends**	**Foreign dividend**
Inkomste	195 000	120 000	40 000	35 000
Mpo	(100 000)	(61 538)	(20 513)	(17 949)
Patty	(36 000)	(22 154)	(7 385)	(6 462)
	59 000	36 308	12 103	10 590

(1) Clifford

	R Taxable income
Salary from employer	600 000
Rental income (retained in the trust from the previous year)	nil
Foreign dividend (retained in the trust, section 7(5))	10 590
Foreign dividend (Patty, minor child, section 7(3))	6 462
Less: Foreign dividend exemption ((R10 590 + R6 462) × 25/40)	(10 658)

continued

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