UNIVERSITY EXAMINATIONS

UNIVERSITEITSEKSAMENS

UNISA university of south africa

TXN203D
RTX203M

October/November 2010

TAXATION OF BUSINESS INCOME (INCOME TAX 203)

Duration 2 Hours

100 Marks

EXAMINERS :

FIRST	PROF AP SWANEPOEL MR CD MAHLAULE	PROF LC POSTHUMUS MRS MSI WENTZEL
SECOND	MRS KL DE HART	

Use of a non-programmable pocket calculator is permissible

This paper consists of eight (8) pages plus annexure A – C (pp i – vi).

IMPORTANT INSTRUCTIONS:

Assumptions

1. **All amounts exclude VAT unless stated otherwise.**
2. **All persons mentioned are residents of the Republic of South Africa unless stated otherwise.**
3. **SARS = South African Revenue Service**

The answering of this paper

1 This paper consists of four (4) questions
2 All questions must be answered
3 Each question must be commenced on a new (separate) page
4 **All workings, where applicable, must be shown. Where an amount is subject to a limitation, clearly indicate the application of the limitation. Where any item is exempt from tax or not allowable as a deduction, this must be indicated All amounts must be rounded to the nearest Rand.**
5 Please complete the cover page of the answer book in full
6 You are reminded that answers may **NOT** be written in pencil
7 Any principle error will be marked negatively
8 Proposed timetable **(try as far as possible not to deviate from this timetable):**

Question	Topic	Marks	Minutes
1	Value-Added Tax (VAT)	18	22
2	Company	27	32
3	Partnership	30	36
4	Capital Gains Tax (CGT)	25	30
	TOTAL	**100**	**120**

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QUESTION 1 **(18 marks, 22 minutes)**

Anywhere (Pty) Ltd derives its income from the transport of goods (by truck) and the transport of fare-paying passengers (by bus) As Anywhere (Pty) Ltd makes both taxable and exempt supplies for VAT purposes, the Commissioner has applied a turnover-based method of apportionment to arrive at an acceptable input tax ratio of 70% Anywhere (Pty) Ltd is a registered VAT vendor

The income and expenditure for the two month tax period ending 30 April 2010 is shown below (All amounts are **inclusive** of VAT where applicable)

Income	**Note**	**R**
Fares from transporting goods		950 000
Fares from transporting passengers		350 000
Insurance settlement	1	450 000
Expenditure		
Bank charges	5	1 200
Interest paid on bank overdraft	5	19 000
Bad debts	2	95 000
Fuel for all vehicles		50 500
Office equipment rentals	3	10 000
Purchase of a new bus	1	900 000
Salaries and wages	5	45 000
Repairs and maintenance	4	15 530
Rental of administration office	5	75 000
Insurance premiums on trucks		13 200

Notes

1 An insurance settlement was awarded for a bus that was stolen from Anywhere (Pty) Ltd's premises in January 2010 On receipt of the indemnity award in April 2010, a new bus was purchased by Anywhere (Pty) Ltd for R900 000

2 The bad debts written off of R95 000 all relate to debtors from transporting goods.

3 Office equipment rentals (relating to both the transporting of goods and passengers) were incurred for the following assets

Photocopy machine	R6 000
Coffee machine	R4 000

4 Repairs and maintenance costs were incurred for the trucks operated by Anywhere (Pty) Ltd

5 The costs for bank charges, interest paid on bank overdraft, salaries and wages, and rental of the administration office are incurred in relation to the transport of both goods and passengers

REQUIRED:	**Marks**
Calculate the VAT payable by/ refundable to Anywhere (Pty) Ltd for the two month tax period ended 30 April 2010 and state when the amount would be due and payable Round all amounts to the nearest Rand Give reasons where amounts are Rnil	18

QUESTION 2 (27 marks, 32 minutes)

Medic CC carries on a business of manufacturing medical equipment and researches and develops flu vaccines Medic CC is regarded as a small business corporation as defined in the Income Tax Act

The taxable income of the close corporation, **before** the following transactions were taken into account, for the year of assessment ending 30 June 2009, amounted to R2 200 000

The following activities relate to Medic CC for the year of assessment ending on 30 June 2009 **(All amounts exclude VAT unless otherwise stated)**

1 On 1 August 2008, Medic CC purchased a second hand manufacturing machine at a cost of R150 000 It was brought into use on the same date On 1 May 2009, Medic CC decided to sell this machine for R120 000 as the machine could no longer meet expected production requirements

To replace the old machine, the close corporation purchased a new machine on 1 June 2009 at a total cost of R180 000 and brought it into use on the same date Medic CC incurred moving costs of R15 000 in respect of moving the new machine from the supplier to its premises

2 Medic CC had to erect an additional building at a cost of R1 500 000 due to an increase in the number of employees. Erection of the new building commenced on 1 July 2008 and was completed and brought into use on 1 June 2009. Sixty percent (60%) of the building was used exclusively for research and the remaining 40% was used for administrative purposes

3 A new office computer (which was exclusively used for administration purposes) was purchased on 1 September 2007 for R50 000 and brought into use on the same date

4 Medic CC acquired a patent on 1 March 2009 at a cost of R120 000 and only brought it into use on 1 June 2009

5 Medic CC concluded a learnership agreement with its new office administrator (Mrs Steyn) on 1 September 2008 The learnership agreement was for a period of 10 months and was successfully completed on 30 June 2009 Mrs Steyn is entitled to a monthly salary of R8 000, without any other benefits Mrs Steyn was not an employee of Medic CC when this agreement was concluded The learnership agreement was registered with the applicable SETA and Mrs Steyn is not disabled

6 Interest incurred is summarised as follows

Interest incurred in respect of:	Interest incurred for the period	Rand
Financing the erection of the new building (Note 2) above	1 July 2008 - 31 May 2009	120 000
	1 June 2009 - 30 June 2009	5 000

7 The doubtful debt allowance claimed for the year of assessment ended 30 June 2008, was R40 000 The list of doubtful debtors on 30 June 2009 amounts to R250 000

QUESTION 2 (continued)

8 A new vaccine "Body Immune Elixir" was successfully developed and distributed by Medic CC to consumers during the 2009 year of assessment The development expenses amounted to R85 000 and salaries paid to research staff totalled R180 000 Medic CC received external funding from a pharmaceutical company for the development expenses only

9 Medic CC purchased a machine to be used exclusively for research and development of vaccines The machine was ordered from America at a cost of $10 000 on 1 September 2008 The machine was shipped free on board on 30 September 2008, delivered at Medic CC's premises on 15 June 2009 and was immediately brought into use The debt was settled on 30 June 2009 The relevant spot rates are as follows

Date	**Sport rate**
1 September 2008	\$ 1 = R 7 20
30 September 2008	\$ 1 = R 7 90
15 June 2009	\$ 1 = R 7 50
30 June 2009	\$ 1 = R 7 80
1 July 2009	\$ 1 = R 8 00

REQUIRED:	**Marks**
Calculate the taxable income of Medic CC for the year of assessment ending 30 June 2009 Note The close corporation has elected to apply paragraph 66 of the Eighth Schedule of the Income Tax Act	27

QUESTION 3 (30 marks, 36 minutes)

Swift (45 years old) and Nick (46 years old) are partners carrying on a plumbing business The partnership agreement provides that the profits and losses are shared equally

The taxable income from the business activities for the year of assessment ended 28 February 2010 amounted to R900 000, **before** taking the following transactions into account

1 The following distributions and payments were made to or on behalf of the two partners

	Swift	**Nick**
	R	**R**
Salaries	120 000	125 000
Drawings	45 000	85 000
Interest paid on their capital accounts	12 500	10 500
Keyman insurance policy premiums	8 500	-
Retirement annuity fund contributions paid	32 000	40 000

2 On 1 January 2010 an annuity of R50 000 was paid by the partnership to Bright, a former partner, in relation to his previous services rendered The former partner retired after four years of service (the annuity does not represent the repayment of his share of the partnership)

3 Swift inherited properties from his grandfather He entered into an agreement with the partnership to lease one of his inherited buildings, located in Pretoria The lease contract was signed on 1 March 2009 and the lease agreement is for a period of 10 years

The lease agreement stipulated the following:

3.1 Monthly rental
The partnership will pay a monthly rental of R8 000 The lease agreement was signed on 1 March 2009 The partnership only occupied the building on 1 January 2010 and started paying rent from that date forward

3.2 Lease premium
Swift received an initial lump-sum amount of R 74 000 from the partnership on the signing of the contract on 1 March 2009

3.3 Leasehold improvements
Improvements to the value of R320 000 must be effected The improvements commenced on 1 April 2009 and were completed and brought into use on 1 January 2010 at a cost of R300 000 (Assume a discount rate of 0 65)

4 The partnership incurred legal fees amounting to R14 500 for drawing up the lease agreement between the partnership and Swift

5 On 1 September 2009 the partnership donated R10 000 to a non-profit organisation A section 18A income tax certificate was received

REQUIRED:	**Marks**
Calculate the taxable income of Swift for the year of assessment ending 28 February 2010	30

QUESTION 4 (25 marks, 30 minutes)

Part A (5 marks, 6 minutes)

You have been approached by a client to answer the following unrelated queries with regards to Capital Gains Tax (CGT)

Query 1

Which of the following will not be included in the base cost of an asset?

(a) Interest paid on a bond to purchase a factory building
(b) Improvements made to a factory building
(c) Estate agents commission paid on the acquisition of a factory building
(d) Transfer duty paid on the acquisition of a factory building
(e) None of the above

Query 2

Which of the following statements with regards to the calculation of a taxable capital gain is false?

(a) A company will qualify for the annual exclusion of R17 500
(b) An assessed capital loss can be set-off against a calculated capital gain
(c) The donation of an asset will be regarded as a deemed disposal for CGT purposes
(d) The proceeds of an asset should be reduced by the amount that must be included in the gross income of a taxpayer
(e) None of the above

Query 3

Which of the following statements with regards to CGT is false?

(a) A taxpayer can off-set an assessed loss against a taxable capital gain
(b) A taxpayer can off-set an assessed capital loss against taxable income
(c) The inclusion rate for a trust is 50%
(d) Personal use assets are excluded from CGT
(e) All of the above

Query 4

Which of the following items will be regarded as "exclusions" for the purpose of CGT?

(a) A retirement lump-sum benefit received from a pension fund
(b) An amount received from the disposal of a long-term insurance policy
(c) An amount received as compensation for personal injury
(d) An amount received by a natural person from gambling at a Casino in South Africa
(e) All of the above

QUESTION 4 (continued)

Query 5

A company disposed off an asset during its 2010 year of assessment for R100 000 The asset had a tax value of R50 000 at the date of disposal and was originally purchased for R75 000 during 2008 The company has an assessed capital loss of R5 000 brought forward from the 2009 year of assessment The company is not a small business corporation as defined in the Income Tax Act The company's calculated taxable capital gain for its 2010 year of assessment is

(a) R 50 000
(b) R100 000
(c) R 25 000
(d) R 10 000
(e) R 12 500

REQUIRED:	Marks
Please answer the five Queries by merely writing down the Query number and your selected answer next to it, for example Query 4 – a There is only one correct answer per Query	5

Part B (20 marks, 24 minutes)

Banana (Pty) Limited is a manufacturer of soccer balls and is a South African based company Banana (Pty) Ltd is a registered VAT vendor The company is not a small business corporations as defined in the Income Tax Act and its year end is 31 March 2010

Banana (Pty) Ltd bought land and a factory building from a registered VAT vendor at a cost of R1 370 000 on 1 April 2008 According to the contract the original purchase price (**excluding** VAT) was made up as follows

- Cost of land R450 000
- Factory building R920 000

During May 2008 a new manufacturing machine (its expected useful life is five years) was bought at a total cost of R250 000 (**including** VAT) and brought into use on 1 June 2008 Installation cost (**excluding** VAT) amounted to R13 202

The company was forced to sell their manufacturing land, factory building and manufacturing machine The land, factory building and a manufacturing machine were sold to a registered VAT vendor (not a connected person in relation to Banana (Pty) Ltd) on 30 October 2009 for an amount of R3 905 000 (**excluding** VAT) This amount was arrived at as follows

- Land R1 175 000
- Factory building R2 650 000
- Manufacturing machine R 80 000

QUESTION 4 (continued)

The factory building qualifies for a section 13 industrial building allowance of 5%

REQUIRED:	Marks
Calculate the taxable capital gain or loss for the year ended 31 March 2010 Banana (Pty) Ltd has an assessed **capital loss** of R55 000 brought forward from the previous year of assessment Banana (Pty) Ltd has elected to claim losses from the disposal of devalued depreciable assets with short useful lives (a section 11(*o*) scraping allowance) Please show all your calculations with regards to the disposal of all assets	20

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ANNEXURE A: EXTRACT FROM THE INCOME TAX ACT (ACT 58 OF 1962, AS AMENDED) – EIGHTH SCHEDULE

25. Determination of base cost of pre-valuation date assets. - The base cost of a pre-valuation date asset (other than an identical asset in respect of which paragraph 32 (3A) has been applied), is the sum of the valuation date value of that asset, as determined in terms of paragraph 26, 27 or 28 and the expenditure allowable in terms of paragraph 20 incurred on or after the valuation date in respect of that asset

26. Valuation date value where proceeds exceed expenditure or where expenditure in respect of an asset cannot be determined. - (1) Where the proceeds from the disposal of a pre-valuation date asset (other than an asset contemplated in paragraph 28 or in respect of which paragraph 32 (3A) has been applied) exceed the expenditure allowable in terms of paragraph 20 incurred before, on and after the valuation date in respect of that asset, the person who disposed of that asset must, subject to subparagraph (3), adopt any of the following as the valuation date value of that asset-

(a) the market value of the asset on the valuation date as contemplated in paragraph 29,

(b) 20 per cent of the proceeds from disposal of the asset, after deducting from those proceeds an amount equal to the expenditure allowable in terms of paragraph 20 incurred on or after the valuation date, or

(c) the time-apportionment base cost of the asset as contemplated in paragraph 30

(2) Where the expenditure incurred before valuation date in respect of a pre-valuation date asset cannot be determined by the person who disposed of that asset or the Commissioner, that person must adopt any of the following as the valuation date value of that asset-

(a) the market value of the asset on the valuation date as contemplated in paragraph 29; or

(b) 20 per cent of the proceeds from disposal of the asset, after deducting from those proceeds an amount equal to the expenditure allowable in terms of paragraph 20 incurred on or after the valuation date

(3) Where a person has adopted the market value as the valuation date value of an asset, as contemplated in subparagraph (1) (a), and the proceeds from the disposal of that asset do not exceed that market value, that person must substitute as the valuation date value of that asset, those proceeds less the expenditure allowable in terms of paragraph 20 incurred on or after the valuation date in respect of that asset.

27. Valuation date value where proceeds do not exceed expenditure. - (1) Subject to subparagraph (2), where the proceeds from the disposal of a pre-valuation date asset do not exceed the expenditure allowable in terms of paragraph 20 incurred both before and after the valuation date in respect of that asset, the valuation date value of that asset must be determined in terms of this paragraph

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(2) This paragraph does not apply in respect of any asset contemplated in paragraph 28 or in respect of which paragraph 32 (3A) has been applied

(3) Where a person has determined the market value of an asset on the valuation date, as contemplated in paragraph 29, or the market value of an asset has been published in terms of that paragraph, and-

(a) the expenditure allowable in terms of paragraph 20 incurred before the valuation date in respect of that asset-

(i) is equal to or exceeds the proceeds from the disposal of that asset, and
(ii) exceeds the market value of that asset on valuation date,

is the valuation date value of that asset must the higher of-

(aa) that market value, or
(bb) those proceeds less the expenditure allowable in terms of paragraph 20 incurred on or after the valuation date in respect of that asset, or

(b) the provisions of item (a) do not apply, the valuation date value of that asset must be the lower of-

(i) that market value, or
(ii) the time-apportionment base cost of that asset as contemplated in paragraph 30

(4) Where the provisions of subparagraph (3) do not apply, the valuation date value of that asset is the time-apportionment base cost of that asset, as contemplated in paragraph 30

ANNEXURE B: ADDITIONAL INFORMATION

The income tax rates applicable to a small business corporation are as follows

- 0% on taxable income not exceeding R54 200
- 10% on taxable income exceeding R54 200, but not exceeding R300 000
- R24 580 plus 28% on taxable income exceeding R300 000

ANNEXURE C: INCOME TAX MONETARY THRESHOLDS SUBJECT TO PERIODIC LEGISLATIVE CHANGE

This table represents all the monetary values prescribed in the Act and by the minister that are subject to change – this table gives the values that you will be working with when calculating taxable income or tax payable for the 2010 year of assessment. You will be provided with this table in the examination

Description	**Reference to Income Tax Act, 1962**	**Monetary amount**
General savings thresholds		
Broad-based employee share schemes: Employees can receive tax-exempt shares if the shares are part of a broad-based employee share plan Companies can also deduct shares issued under the plan		
Maximum exemption for shares received by employees	The definition of "qualifying share" in section 8B(3)	R9 000
Maximum deduction for shares issued by the employer	The proviso to section 11(*l*A)	R3 000
Exemption for interest and certain dividends:		
Exemption for domestic interest and otherwise taxable collective scheme dividends in respect of persons younger than 65 years	Section 10(1)(*i*)(*xv*)(*bb*)(B)	R21 000
Exemption for passive portfolio savings in respect of persons 65 years or older	Section 10(1)(*i*)(*xv*)(*bb*)(A)	R30 000
Maximum application of the above exemption for foreign interest and otherwise taxable dividends	Section 10(1)(*i*)(*xv*)(*aa*)	R3 500
Annual donations tax exemption:		
Exemption for donations made by entities	Section 56(2)(*a*) and the proviso thereto	R10 000
Exemption for donations made by individuals	Section 56(2)(*b*)	R100 000
Capital gains exclusions:		
Annual exclusion for individuals and special trusts	Paragraph 5(1) of Eighth schedule	R17 500
Exclusion for the disposal of a primary residence	Paragraph 45(1) of Eighth Schedule	R1,5 million
Maximum market value of all assets allowed within the small business definition on disposal when person over 55	Definition of "small business" in paragraph 57(1) of Eighth Schedule	R5 million
Exclusion amount on disposal of small business when person over 55	Paragraph 57(3) of Eighth schedule	R750 000
Exclusion on death	Paragraph 5(2) of Eighth schedule	R120 000
Retirement savings thresholds		
Deductible retirement fund contributions: Pension fund and retirement annuity fund members may deduct their contributions subject to certain percentage or monetary ceilings		
Pension fund monetary ceiling for contributions	Proviso to section 11(*k*)(i)	R1 750

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Description	Reference to Income Tax Act, 1962	Monetary amount
Pension fund monetary ceiling for arrear contributions	Paragraph (*aa*) of the proviso to section 11(*k*)(ii)	R1 800
Retirement annuity fund monetary ceiling for contributions (if also a member of a pension fund)	Section 11(*n*)(*aa*)(B)	R3 500
Retirement annuity fund ceiling for contributions (if not a member of a pension fund)	Section 11(*n*)(*aa*)(C)	R1 750
Retirement annuity fund ceiling for arrear contributions	Section 11(*n*)(*bb*)	R1 800
Permissible lump sum withdrawals upon retirement: Pension fund and retirement annuity fund members may withdraw lump sums upon retirement		
Pension fund monetary amount for permissible lump sum withdrawals	Paragraph(ii)(*dd*) of the proviso to paragraph (*c*) of the definition of "pension fund" in section 1	R50 000
Retirement annuity fund monetary amount for permissible lump sum withdrawals	Paragraph (*b*)(*ii*) of the proviso to the definition of "retirement annuity fund" in section 1	R50 000

Deductible business expenses for individuals

Car allowance: Individuals receive an annual vehicle allowance to defray business travel expenses, including deemed depreciation on the vehicle		
Ceiling on vehicle cost	Section 8(1)(*b*)(*iii*A)(*bb*)(A)	R400 000
Ceiling on debt relating to vehicle cost	Section 8(1)(*b*)(*iii*A)(*bb*)(B)	R400 000

Employment-related fringe benefits

Exempt scholarships and bursaries: Employers can provide exempt scholarships and bursaries to employees and their relatives, subject to annual monetary ceilings		
Annual ceiling for employees	Paragraph (*ii*)(*aa*) of the proviso to section 10(1)(*q*)	R100 000
Annual ceiling for employee relatives	Paragraph (*ii*)(*bb*) of the proviso to section 10(1)(*q*)	R10 000
Exempt termination benefits: Employees of age 55 or older receive exemption for payments related to employment termination subject to a monetary ceiling	Section 10(1)(*x*)	R30 000
Medical scheme contributions: Medical scheme contributions are tax deductible if the individual pays (and tax-free if the employer pays) subject to monthly ceilings		
Monthly ceilings for schemes with one beneficiary	Section 18(2)(*c*)(i)(*aa*) and paragraph 12A(1)(*a*) of the Seventh Schedule	R625
Monthly ceiling for schemes with two beneficiaries	Section 18(2)(*c*)(i)(*bb*) and paragraph 12A(1)(*b*) of the Seventh Schedule	R1 250
Additional monthly ceiling for each additional beneficiary	Section 18(2)(*c*)(i)(*cc*) and paragraph 12A(1)(*c*) of the Seventh Schedule	R380

Description	Reference to Income Tax Act, 1962	Monetary amount
Awards for bravery and long service: The deemed values of bravery and long service awards are reduced by the monetary amount indicated	Paragraphs (*a*) and (*b*) of the further proviso to paragraph 5(2) of Seventh Schedule	R5 000
Employee accommodation: Employee accommodation is taxed by means of a formula if the employer owns the accommodation, but no tax is payable if the employee earns less than the amount indicated	Paragraph 9(3)(*a*)(ii) of Seventh Schedule	R54 200
Exemption for expatriate employees: The value of accommodation provided to expatriate employees is taxable to the extent that it exceeds the amount indicated	Paragraph 9(7B)(ii) of Seventh Schedule	R25 000
Exemption for *de minimus* employee loans: Employee loans below the amount indicated are not deemed to have any value as a fringe benefit	Paragraph 11(4)(*a*) of Seventh Schedule	R3 000
Employer deductions for employee housing: Expenses incurred for providing employee housing is limited to the ceiling indicated (per dwelling)	Paragraph (ii) of the proviso to section 11(*f*)	R15 000
Additional employer deductions for learnerships: Employers receive additional deductions for learnerships depending on the circumstances		
Monetary ceiling of additional deduction for the employer when entering into a learnership agreement with an existing employee	Section 12H(1)	R30 000
Monetary ceiling of additional deduction for the employer when entering into a learnership agreement with a new employee	Section 12H(2) and (3)	R30 000
Monetary ceiling of additional deduction for the employer in the case of completing a learnership agreement (all employees)	Section 12H(4)	+R20 000

Depreciation

Small-scale intellectual property: Intellectual property with a cost below the amount indicated is immediately deductible	Paragraph (*aa*) of the proviso to section 11(*g*C)	R5 000
Urban development zone: Developers undertaking projects in excess of the amount indicated must provide special notice to the Commissioner	Section 13*quat* (10A)	R5 million

Miscellaneous

Public benefit organizations: PBO trading income is exempt up to the greater of 5% of total receipts and accruals or the amount indicated	Section 10(1)(*c*N)(ii)(*dd*)(ii)	R100 000
Donations to trans-frontier parks are deductible if the donation equals or exceeds the amount indicated	Section 18A(1C)(*a*)(ii)	R1 million
PBO's providing housing are exempt if beneficiaries are households with a monthly income of the stated amount or less	Paragraph 3(*a*) of Part I of Ninth Schedule and paragraph 5(*a*) of Part II of Ninth Schedule	R7 500

Description	Reference to Income Tax Act, 1962	Monetary amount
Recreational clubs: Club trading income is exempt up to the greater of 5% of total receipts and accruals or the amount stated	Section 10(1)(*c*O)(iv)(*bb*)	R50 000
Farmer deductions for employee housing: Ceiling for expenses incurred by farmers to provide employee housing (per employee)	Paragraph 12(5) of First Schedule	R15 000
Prepaid expenses: Limit of prepaid expenses that will not be deferred until deliver of goods, services or benefits	Paragraph (*bb*) of the proviso to section 23H(1)	R80 000
Small business corporations: Corporations qualify for tax incentives if gross income does not exceed the amount referred to	Section 12E(4)(*a*)(i)	R14 million
Housing associations: Housing associations investment income is exempt up to the amount indicated	Section 10(1)(e)	R50 000

Administration

Investment income exempt from provisional tax: If a natural person solely generates income from interest, dividends and real estate rentals, the income amount indicated is exempt from provisional tax		
In the case of natural persons below age 65	Paragraph 18(1)(*c*)(ii) of Fourth Schedule	R20 000
In the case of natural persons over age 65	Paragraph 18(1)(*d*)(i) of Fourth Schedule	R80 000
S.I.T.E threshold: Tax on employment income is subject to the SITE system up to the amount indicated	Items (*a*) and (*b*) of paragraph 11B(2) and items (*a*), (*b*)(ii) and (*b*)(iii) of paragraph 11B(3) of Fourth Schedule	R60 000
Automatic appeal to the High Court: The full bench of the High Court has automatic jurisdiction to appeals if the disputed amount exceeds the amount indicated	Section 83(4B)(*a*)	R50 million

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