

TAX3702

ERRATA IN TEXT BOOK - A student's Approach to Income Tax - Individuals 2014

CHAPTER 1 (Jan Venter)

Page 15

Chapter 1.5.3

Normal tax rebate rules

2nd bullet

When the taxpayer's year of assessment is less than 12 months (for example where the taxpayer dies or the date of insolvency is before 28/29 February), **all three** of the abovementioned rebates will be reduced proportionally.

Page 25

Chapter 1.9

Answer 1.4

Gross Income:

- Rental received (R380 000 x 50%) = **R190 000** [not R380 000]

(The taxpayer is married in community of property.)

Less: Exempt income

- Dividends received **(R65 000)** [not (R60 000)]

Less: Deductions

- Rental costs (R150 000) x 50% = **(R75 000)** [not (R150 000)]

(The taxpayer is married in community of property.)

Adjust the subsequent calculations accordingly.

CHAPTER 3 (Kerry de Hart)

Page 104

Question 3.4,

(a) "Sarah Sugar retired on 1 July 2013 and received a pension of **R7 000** per month..." [not R35 000 per month]

CHAPTER 5 (Kerry de Hart)

Page 181

Solution 5.20

| | |
|-----------------------------------|-----------|
| The taxable income must add up to | R173 400. |
| The normal tax payable is | R31 755. |
| The section 6quat rebate is | R4 945. |
| The net normal tax payable is | R14 733. |

Calculation of section 6quat rebate:

$R27\ 000/R173\ 400 \times R31\ 758$

= R4 945

Amount carried forward: $R8\ 800 - R4\ 945 = R3\ 855$.

CHAPTER 6 (Karina Coetzee)

Page 213

Example 6.6

The final answer should be R46 683, not R62 700.

Page 215

Right of use of more than one motor vehicle

Under the "Remember" block

Remove the portion of the second sentence, stating...

"...if less than 10 000 private kilometres are travelled during the year..."

Page 215

Example 6.7

The vehicle ... cost **R278 280** (not R278 700)

Page 216

Solution 6.7

Cost price **R278 280** (not R278 700)

Depreciation (15% x R230 280) = **R34 542** (not R35 542)

Page 217

Solution 6.9

Question 1 - the benefit should be reduced by the monthly payment of R200 made by Jan.

The monthly value is $R11\,970 - R200 = R11\,770$.

The monthly deduction for PAYE is $80\% \times R11\,770 = R9\,416$

Annual amount on assessment is $R143\,640 - (R200 \times 12) = R141\,240$

Page 241

“Remember” block’, 3rd bullet

In this case the employee receives the use of a company vehicle and a travel allowance in respect of the same vehicle, the travel allowance is not for the employee's own vehicle.

Page 269

Under “exclusions”, 2nd bullet

The employee's annual remuneration must not exceed R250 000 (not R2 500 000).

Page 272

Solution 6.1

Use of a company car should be:

$$R246\,240 \times 3.5\% = R8\,618.4 \times 10 = R86\,184$$

Page 275

Answer 6.2,

Jan's use of company car.

It should be: $3.5\% \times R66\,510 \times 10\text{months} \times 5333 \text{ km}(\text{private use})/12110 \text{ km}(\text{total})$

CHAPTER 7 (Karina Coetzee)

Page 288 (and page 87)

Please ignore the section regarding withholding tax on interest.

CHAPTER 9 (Kerry de Hart)

Page 377

Solution 9.10 :

$$B = 15 \quad [not\ 14]$$

Page 384

Answer 9.2,

The disallowed portion of the retirement annuity contributions R24 435 (R30 00 - R5 565), must also be deducted from the pension lump sum benefit.

The taxable lump sum benefits will then be R693 000 - R24 435 = R668 565.

CHAPTER 10 (Karina Coetzee)

Page 395

Chapter 10.3.3

The 2nd last bullet must read:

“any contribution by the employee to a medical scheme, in respect of an employee who is entitled to the over 65 age rebate,

- if the employer makes the payments of the contributions to the medical scheme; or

- at the option of the employer, if the employer does not make the payment of the contributions to the medical scheme, but proof of payment was provided to the employer that the employee paid it.”

Delete the last bullet on page 395.

Page 397

Solution 10.1

Note 2, last paragraph

Please change the R12 500 to R13 500.

$$15\% \times (R13\,500 \times 12) = R24\,300$$

$$R24\,300/12 = R2\,025$$

Page 526

Step 8:

- *"the proceeds (Step 5) less the cost on or after the valuation date..."* [not Step 4]

Appendices

Page 615

(iii) *Tax on retirement lump sum benefits (or death)*

The third bracket should read:

Exceeding R630 000 but not exceeding R945 000 [not R900 000]