



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

INCOME TAX N6

8 JUNE 2018

This marking guideline consists of 7 pages.

SECTION A**QUESTION 1**

- 1.1 1.1.1 True
 1.1.2 True
 1.1.3 True
 1.1.4 False
 1.1.5 False

(5 × 2) (10)

1.2 1.2.1

Details	Rand
Dividend paid	45 000✓
Less dividend received	30 000✓
Net dividends	15 000
STC @ 28%	4 200✓

(3)

1.2.2

Details	Rand
Salary	86 000✓
Bonus	55 000✓
Interest	20 000✓
Less: exemption✓	(20 000)✓
	141 000✓
Less: Pension fund contribution :	
1,1750;7,5% × 86 000 = 6450✓✓	(6450)
	134550✓
RAF: 1,1750;2,3500 - 6 450 = Nil✓	
2,15% × (134550 - 86 000 + 6450) = 8 250✓	(8250)
Max RAF Deduction = 8 250✓✓	

(13)

1.2.3

Details	Rand
Cost of car: $182\ 000 \times \frac{100}{114} = 159\ 649$ ✓	
Tax benefit: $159\ 649 \times 3,5\% \times 9$ ✓	50 289✓
Salary	84 000✓
Taxable income	134 289✓

(5)

1.2.4

Details	Rand
Farming income	48 000✓
Assessed loss	(30 000)
Capital development expenditure	(38 000)
Income from farming	Nil✓
Other income	25 000✓
Total income	25 000✓
Loss carried over to 2018	5 000✓

(5)

1.2.5

Details	Rand
Salary:	180 000
Previous year $(180\ 00 \times \frac{100}{108}) = 166667$ ✓✓	
Benefit: $(A - B) \times \frac{C}{100} \times \frac{D}{12}$ ✓	
$(16\ 6667 - 75\ 000) \times \frac{19}{100} \times \frac{12}{12}$ ✓✓	17 417 ✓
Less rental paid: (300×12) ✓	(3 600) ✓
Taxable income	193 817 ✓

(9)
[45]**TOTAL SECTION A: 45****SECTION B****QUESTION 2**

Details	Rand
Salary	28 000 ✓
Fringe benefit (employer's contribution)	36 000 ✓✓
Gross income	316 000 ✓✓
Less: Provident fund	Nil ✓✓
Deductions: Medical aid contribution	48 000 ✓✓
Medical expenses	32 000 ✓✓
	80 000 ✓✓
Allow all in full medical deduction	80 000
Taxable income	236 000 ✓✓

[15]

QUESTION 3

Details	Rand	Rand
Salary (15 000 × 9)	135 000✓	60 000✓
Pension annuity (3 000 × 2)	6 000✓	
Donation from fellow workers	Nil✓	
Dividends (8 000 ÷ 2)	4 000✓	4 000✓
Less: Exemption	(4 000)✓	(4 000)✓
Insurance policy	Nil✓	
Interest (30 000 + 5 000)	17 500 ✓	17 500✓
Interest after death		2 500✓
Less: Exemption	(17 500)✓	(20 000)✓
Bonus	18 000✓	
Housing subsidy	10 000✓	
	169 000✓	60 000✓
Funeral expenses	Nil✓	
Assurance life policy	Nil✓	
Less: Pension fund contribution	12 800 ✓	
1,1750 or 2, 7, 5% × 135 000	10 125 ✓	(10 125)✓
Disallowed	2 675 ✓✓	
	158 875✓	60 000✓
Less: Medical aid (12 000 + 3 000)	(15 000)✓	
Taxable income	143 875✓	60 000✓
Tax per table	25 898✓	10 800✓
Less: Rebate	20 907✓	13 500✓
Primary	13 500✓	
Secondary	7407✓	
Plus: Tax on lump sum	169 738✓	
Lump sum:	360 000✓	
Accumulate leave	5 000✓	
Gratuity	30 000✓	
Less: Disallowed current	(2675)✓	
Tax portion	392 325 ✓	
Tax liability	174 729 ✓✓	Nil ✓

[45]

QUESTION 4

Details	Dates	Form	Rand
First payment	31/08/2016✓✓	IRP6✓	
Basic amount			340 000✓✓
Tax per tables			18 500✓✓
First payment: ÷ 2✓			9 275✓✓
Second payment	28/02/2017✓✓		
Basic amount			360 000✓✓
Tax per tables			19 950✓✓
Less first payment			(9 275)✓✓
Second payment			10 675✓✓

[20]

QUESTION 5

Details	Rand
Sales: Credit	140 000✓
Cash	610 000✓
VAT	Nil✓
Stock: 01/03/2016	30 000✓
28/02/2017	(20 000)✓
Purchases	200 000✓
Interest received	10 000✓
Less: Exemption	(10 000)✓
Income from other activities	6 000✓
Bad debts recovered: Trade	2 000✓
Loan to wife	Nil✓
Import duty	(50 000)✓
Provision for doubtful debts: 2016: 2 000 × 25%✓	5 000✓
2017: 18 000 × 25%✓	(4 500)✓
Profit on sale of assets:	(2 000)✓
Lower of lost/sales of the copier machine	2 000✓
Less: Income tax value: 31/01/2017	(4 000)✓
Scrapping allowance	(2 000)✓
Rent paid	(5 000)✓
Salaries and wages	(120 000)✓
Provision for bonus	Nil✓
Telephone	(500)✓
Cash stolen – insured	Nil✓
Repairs: Replacing carpet – improvement	Nil✓
Window	(1 200)✓
Motor vehicles: Fuel and oil	(10 500)✓
Cost: 30/04/2016: $85\,000 \times \frac{100}{114} = 75\,000$ ✓	
Wear and tear: $25\% \times 75\,000 \times \frac{10}{12}$ ✓	(15 625)✓
Finance charges: $54\,000 \div 24 \times 10$ months✓	(22 500)✓
Refreshments	(1 000)✓
Advertising	(2 000)✓
Medical contribution: Staff (10% × 120 000) = 12 000 but limited to✓	(10 000)✓
	728 175 ✓
Less: Donation (10% × 728 175) = 72 818 but limited to actual contributed✓	(15 000)✓
Taxable income	713 175 ✓
Tax per table	211 833✓
Less rebate: Primary	(13 500)✓
Tax liability	198 333 ✓✓

[45]

QUESTION 6

Details	Farming income /expenses	CED	Other income
Sale of produce	750 000✓		
Sale of tractor			10 000✓
Loan from bank	Nil✓		
Rental income			3 000✓
Improvements on their farm houses		(30 000)✓	
House build farm worker (15 000 × 4)		(60 000)✓	
New fence erected		(350 000)✓	
Repairs of existing fence	(2 000)✓		
Interest on bond	(60 000)✓		
Fertilizers purchased	(7 000)✓		
Seeds purchased	(9 000)✓		
Wages	(100 000)✓		
Medical contribution: workers: (limited to 10% × 100 000)✓	(10 000)✓		
Prevention of soil erosion	(170 000)✓		
Purchase of new tractor: (50% × 280 000)✓	(140 000)✓		
Fuel	(3 000)✓		
Building of a dam		(500 000)✓	
Wages: Building of a dam		(20 000)✓	
	249 000✓✓	(960 000✓✓)	13 000✓✓
	960 000✓	960 000✓	
Taxable income	Nil✓	Nil✓	

[30]

TOTAL SECTION B: 155
GRAND TOTAL: 200