



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

INCOME TAX N6

31 May 2021

This marking guideline consists of 5 pages.

QUESTION 1

- 1.1 Non-taxable
 1.2 Non-taxable
 1.3 Non-taxable
 1.4 Non-taxable
 1.5 Taxable
 1.6 Taxable
 1.7 Taxable
 1.8 Non-taxable
 1.9 Non-taxable
 1.10 Taxable

(10 × 2) [20]

QUESTION 2

2.1		Rand	
	Salary (25 000 × 12)✓	300 000✓	
	Alimony from ex-spouse	36 000✓	
	Less: exemption	(36 000)✓	
	Interest on tax-free investment (1 050 – 1 050)	R Nil✓	
	Interest on other investment	30 000✓	
	Less : exemption	(23 800)✓	
	Relocation allowances	Nil✓	
	Accommodation fringe benefit: (A-B) X C/100 XD/12✓ A=R25 000 × 100/110 × 12= R272 727✓✓ Therefore:(R272 727 – R79 000) × 19/100 × 9/12✓ =R194 577 × 19/100 × 9/12✓ =R27 606✓	27 606✓	
	Income	333 806	
	Less: Pension fund + RAF contribution (R1 600 + R2 050) = R3 650 Limited to the lessor of: 1,27,5% × R 333 806 = R 91 797✓ OR 2,350 000✓	(3 650)✓✓	
	Taxable income	330 156✓	(20)

2.2		RAND	
	Annual rental (R55 000 × 8/12)✓	(36 667)✓✓	
	Lease premium [(R20 000/10) × 8/12]✓	(1333)✓✓	
	Lease improvements [R70 000/(120-4)=116 months) × 4✓	(2 412)✓✓	
	Building allowances: R90 000 – R70 000=R20 000✓ R20 000 × 5% =R 1 000✓	(1 000)✓✓	
	Total deductions allowed	(41 412)✓✓	(15)

2.3

	Rand
Gross income	50 500
South African dividends	5 600✓
Less: exemption	(5 600)✓
Foreign dividends	4 800✓
Less: exemption (4 800 × 25/45)	(2 667)✓
Interest from SA bank	35 000
Less: exemption	(34 500)✓
	53 133

(5)
[40]**QUESTION 3**

	Rand
Salary	380 000✓
Bonus	18 000✓
Dividends from S.A. company	4 000✓
Less: exemption	(4 000)✓
Foreign dividends (R42 300✓ + R4 200✓) = R46 500	46 500✓✓
Less: exemption (R46 500 × 25/45)✓	(25 833)✓✓
Interest received	5 000✓
Less: exemption	(5 000)✓
Foreign interest	8 000✓✓
Medical fringe benefit	12 000✓
	438 667✓
Less: Pension fund + REF (R8 000✓ + R1 500✓) = R 9 500 Limited to the lesser of:	(9 500)✓
<ul style="list-style-type: none"> • 27,5% × R438 667 = R120 633✓ • R350 000✓ 	
	429 167
Less: Donations	(8 500)✓✓
University of Venda	6 000✓
Public benefit organisation	2 500✓
Non-public organisation	R Nil✓
	8 500
Limited to 10% × R429 167 = R42 917✓	
Taxable income	420 667
Tax per table	99 446
Less: Rebate: Primary	(14 220)✓✓
Less: Medical aid	
Medical tax credit (310 × 12)✓	(3 720)✓✓
Medical contribution:	
Self	R12 000✓
Employer	R12 000✓
	R24 000✓

Medical scheme R24 000 – (3 720 × 3) = R12 840✓	
Qualifying medical expenses = $\frac{R20\ 000}{R32\ 840}$ R32 840 × 33,33% = R10 936✓	(10 947)✓
Tax liability	70 559✓

[40]

QUESTION 4

	Farming income/expe	CDE	Other income
Sale of vegetables	4 950 000✓		
Sale of sand			289 000✓
Sale to the abattoir	3 980 000✓		
Seed and fertiliser purchased	(250 000)✓		
New barn erected		(400 000)✓	
New dipping tanks		(300 000)✓	
Tractors and plough purchased (500 000 × 50%)	(250 000)✓✓		
Wages for farm labour	(45 000)✓		
Wages for construction of a dam		(60 000)✓	
Construction of a dam		(95 000)✓	
Interest paid on loan for construction of dam		(25 000)✓	
Running of electricity to new barn		(200 000)✓	
General farming expenses	(100 000)✓		
Opening stock – standard value	(710 000)✓		
Closing stock – standard value	820 000✓		
Donation to local school (R6 000 × 2)	12 000✓✓		
Closing stock of harvested produce at cost	180 000✓✓		
Opening stock of harvested produce at cost	(100 000)✓✓		
Rations – slaughtered	R Nil✓✓		
	8 493 000✓		
Less: Donation R12 000 Limited to 10% × R8 493 000 = R849 300	(12 000)✓		
Private consumption – Slaughtered for domestic use (R3 000 × 2)	6 000✓✓		
TOTALS	8 481 000✓	(1 080 000)✓✓	289 000✓✓
CDE utilised	(1 080 000)✓	1 080 000✓	
Farming income farmer	7 401 000✓ (7 401 000)✓	Nil✓	<u>7 401 000</u> ✓
Farming income	R Nil		
Taxable income			7 690 000✓✓

[42]

QUESTION 5

	Rand
Taxable income given	3 500 000✓
Raw material: Opening stock	(430 575)✓✓
Closing stock	887 260✓✓
Patent (18 000 × 5%)✓	(900)✓✓
Machine (R159 600 × 100/115 × 100%)✓	(138 783)✓✓
Computer (R33 200 × 30%)	(9 960)✓✓
Motorcycle: Cost 60 000✓	
Less: Section 12E allowance –2019 (R60 000 × 50%)= (30 000)	(30 000)✓✓
Tax value 30 000✓	
Proceeds –scrapped 0	
Scrapping allowance (30 000)	(30 000)✓✓
Factory building (200 000 × 5%)✓	(10 000)✓✓
Salaries	(150 000)✓
Bad debts written off	(15 000)✓
Advertising costs	(4 500)✓
List of doubtful debts: 2019: R8 000 × 25%✓	2 000✓✓
2020:R8 600 × 25%✓	(2 150)✓✓
Insurance premium paid	(2 000)✓
Taxable income before donations	3 565 392
Less : Section 18A donation to TVET college 10% × R3 565 392=R356 539,✓ but limited to actual donation.	(9 000)✓✓
Taxable income	3 556 392
Tax liability (3 556 392 – 550 000) × 28% + 20 020	900 660✓✓✓

[38]**QUESTION 6**

	Date	Form	Rand
First provisional payment	31/08/2019✓✓	IRP 6✓✓	
Basic amount			510 000✓✓
Taxable income			510 000
Tax per table			50 470✓✓
Divide by 2			25 235✓✓
First provisional payment			25 235✓
Second provisional payment	29/02/2020✓		
Basic amount			500 000✓✓
Tax per table			48 370✓✓
Less: First provisional payment			(25 235)✓✓
Second provisional payment			23 135✓✓

[20]**TOTAL: 200**