

**Session 2 Question 2**

**50 Marks**

<b>REQUIRED</b> <b>Please answer Question 2 in the <u>RED</u> answer book provided.</b>		<b>Marks</b>	
		<b>Sub-total</b>	<b>Total</b>
<b>(a)</b>	Advise Lerato on whether her election, made during the 2021 year of assessment, in relation to the provident fund pay-out of R700 000 was a good decision from a tax perspective. No calculations necessary.	5	5
<b>(b)</b>	Discuss the income tax implications with regards to the vesting of the residential apartment during the 2021 year of assessment.	5	5
<b>(c)</b>	With regards to Mr. Edward Makae:  (i) Calculate the taxable income of Mr Edward Makae up to 31 July 2020 in relation to his 2021 year of assessment. Provide brief reasons where necessary.  (ii) Advise on whether Mr. Edward Makae will be able to withdraw his retirement savings from his South African provident fund upon emigration.	13  2	15
<b>(d)</b>	Discuss the South African income tax implications for interest earned by Mr. Edward Makae from 1 August 2020 to 28 February 2021.	6	6
<b>(e)</b>	Calculate, with brief reasons where necessary, the effects of Mrs. Lerato Makae's employment income on her taxable income for the 2021 year of assessment.	9	9
<b>(f)</b>	Write an email to the payroll clerk of Zebra in which you critically evaluate his treatment of the travel and subsistence allowances in Mrs. Lerato Makae's March Pay-As-You-Earn (PAYE) calculation. You must also provide the payroll clerk with correct amounts, where applicable.  <p style="text-align: right;"><i>Communication skills: Layout</i></p>	6  1	7
<b>(g)</b>	Briefly discuss how the dividends earned by Mrs. Lerato Makae will be taxed in her 2021 year of assessment.  No calculations necessary and exclude withholding tax implications.	3	3
<b>Total Question 2</b>			<b>50</b>



## MONETARY CHANGES – ITC 2022

Applicable in respect of years of assessment commencing **on or after 1 March 2020** (i.e. **2021 year of assessment**) – *unless specifically stated otherwise.*

<b>REBATES (section 6)</b>	<b>2020</b>	<b>2021</b>
Primary rebate	R14 220	<b>R14 958</b>
Secondary rebate	R7 794	<b>R8 199</b>
Tertiary rebate	R2 601	<b>R2 736</b>

<b>MEDICAL CREDITS (section 6A)</b>	<b>2020</b>	<b>2021</b>
Benefits to the taxpayer	R310	<b>R319</b>
Benefits to the taxpayer and one dependant	R620	<b>R638</b>
Benefits to each additional dependant	R209	<b>R215</b>

<b>TRAVEL ALLOWANCE (section 8(1))</b>	<b>2020</b>	<b>2021</b>
Cost limitation of vehicle (section 8(1)(b)(iiiA)(bb))	R595 000	<b>R665 000</b>

<b>SERVICES OUTSIDE THE REPUBLIC (section 10(1)(o))</b>	<b>2020</b>	<b>2021</b>
Exemption limitation (section 10(1)(o)(ii))	n/a	<b>R1 250 000</b>
Full days requirement (section 10(1)(o)(ii)(aa))	183 days	<b>117 days</b>

<b>TAX FREE INVESTMENTS (section 12T)</b>	<b>2020</b>	<b>2021</b>
Annual contribution limitation (section 12T(4)(a))	R33 000	<b>R36 000</b>

<b>RESIDENTIAL ACCOMMODATION (para. 9 of the Seventh Schedule)</b>	<b>2020</b>	<b>2021</b>
Symbol B	R79 000	<b>R83 100</b>

<b>RATES OF NORMAL TAX: Small business corporation (as defined in section 12E) in respect of years of assessment ending on or after 1 April 2020</b>	
<b>Taxable income (R)</b>	<b>Rate of tax</b>
0 – 83 100	0% of taxable income
83 101 – 365 000	7% of the amount above R83 100
365 001 – 550 000	R19 733 + 21% of the amount above R365 000
550 001 and above	R58 583 + 28% of the amount above R550 000

<b>RATES OF NORMAL TAX: Natural persons and deceased estates</b> (in respect of the taxable income (excluding any retirement fund lump sum benefit, retirement fund lump sum withdrawal benefit or severance benefit))	
<b>Taxable income (R)</b>	<b>Rate of tax</b>
0 – 205 900	18% of taxable income
205 901 – 321 600	R37 062 + 26% of the amount above R205 900
321 601 – 445 100	R67 144 + 31% of the amount above R321 600
445 101 – 584 200	R105 429 + 36% of the amount above R445 100
584 201 – 744 800	R155 505 + 39% of the amount above R584 200
744 801 – 1 577 300	R218 139 + 41% of the amount above R744 800
1 577 301 and above	R559 464 + 45% of the amount above R1 577 300

<b>TRAVEL ALLOWANCE</b>			
<b>Value of the vehicle (R)</b>	<b>Fixed cost (R/p.a.)</b>	<b>Fuel cost (c/km)</b>	<b>Maintenance cost (c/km)</b>
0 – 95 000	31 332	105,8	37,4
95 001 – 190 000	55 894	118,1	46,8
190 001 – 285 000	80 539	128,3	51,6
285 001 – 380 000	102 211	138,0	56,4
380 001 – 475 000	123 955	147,7	66,2
475 001 – 570 000	146 753	169,4	77,8
570 001 – 665 000	169 552	175,1	96,6
Exceeding 665 000	169 552	175,1	96,6

<b>ALTERNATIVE FIXED RATE FOR CERTAIN REIMBURSIVE TRAVEL ALLOWANCES</b>	<b>2020 (c/km)</b>	<b>2021 (c/km)</b>
Simplified method	361	398

<b>AMOUNTS DEEMED TO HAVE BEEN ACTUALLY EXPENDED ON MEALS AND INCIDENTALS COSTS</b>	<b>2020</b>	<b>2021</b>
<b>Local travel</b>		
Allowance for incidental costs only (per day)	R134	R139
Allowance for meals and incidental costs (per day)	R435	R452
<b>Overseas travel</b>		
Amounts listed in the Regulation in the SAICA Student Handbook for the different countries remained unchanged.		

<b>TRANSFER DUTY (Section 2(1)(b) of the Transfer Duty Act) In respect of acquisition of property on or after 1 March 2020</b>	
<b>Value of property (R)</b>	<b>Rate</b>
0 – 1 000 000	0%
1 000 001 – 1 375 000	3% of the value above R1 000 000
1 375 001 – 1 925 000	R11 250 + 6% of the value above R1 375 000
1 925 001 – 2 475 000	R44 250 + 8% of the value above R1 925 000
2 475 001 – 11 000 000	R88 250 + 11% of the value above R2 475 000
11 000 001 and above	R1 026 000 + 13% of the value above R11 000 000

**VALUE-ADDED TAX RATE: 15%** from 1 April 2018 (before this date the rate was 14%).