

**Elton Shumba**

**Marks**

**Income Tax computation for Elton Shumba for the 2009 year of assessment:**

**i. From employment**

	\$	\$	
Salary - section 8 (1) (b)		60,000	(1)
Directors' Fees - not employment income		2,000	(1)
Medical aid contributions paid by the company - section 14 & 3rd sch		-	(2)
Medical expenses paid by the company in July - Exempt- Section 14 and 3rd Schedule		-	(2)
Entertainment Allowance -Prohibited Deduction Section 16		-	(2)
Motor vehicle benefit (\$3,600x9/12) - section 8 (1) (f)		2,700	(2)
Purchase of vehicle (\$3,500-\$2,000)-exempt because Elton is above 55 years of age		-	(2)
Purchase of share in Wonder Ltd ( <b>Calc 1</b> ) - section 8 (1) (t)		73	(2)
Pension from previous employer- exempt Elton is above 55 years		-	(2)

**Less Deductions**

Pension contributons - section 15 (h)	(3,575)		
Limited to \$5400 per year	(5,400)	(3,575)	(1)

**Taxable Income**

61,198

**Income tax:**

0-\$60,000	14,580		
\$1,198 (\$61,198-\$60,000) @35%	419		
		14,999	(1)

**Less credits - section 7 (c)**

Elderly person		(900)	(1)
Physically Disabled		(900)	(1)

13,199

Aids Levy @ 3%		396	(1)
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13,595

Tax payable		13,595	
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PAYE Deducted		(22,700)	(1)
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<b>Tax Refundable</b>		<u>(9,105)</u>	
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**Calc 1**

$$= (\$3 - (\$2 + \text{Calc 2})) * 200 = 72.96842$$

**Calc 2**

$$((1.25\% - 0.95\%) * \$2) / 0.95\% =$$