

ai) With respect to the tax period ended 30 September 2015 calculate the VAT payable or refundable based on the information provided in note 1 to 9. Where a transaction does

GP Timbers VAT Computation for the Aug-Sept 2015 Period			Marks
	\$		
	Input	Output	
<u>Note 1</u>			
Sales: - Local		108,000	1
- Exports (Zambia and Mozambique) - zero rated		-	2
<u>Note 2</u>			
MSU units (45k x 2 x 15%)		13,500	2
<u>Note 3</u>			
Interest income - Exempt		-	1
Bad debts recovered (7.8k x 15%) - s17 adjustment		1,170	1
<u>Note 4</u>			
Purchases: - registered operators (210k x 15% x 70%)	22,050		2
- unregistered	-		1
<u>Note 5</u>			
Furniture as payment for services - barter transactions. Value of supply is equal to market value of item given up.		14,700	2
<u>Note 6</u>			
Motoring benefit (3 x 2 x 15/115 x 600)		470	2
Diesel coupons - exempt		-	1
Residential accomodation - exempt		-	1
Lunch vouchers - entertainment - GP would have been denied input tax claim		-	1
Sales team allowances - used for personal consumption		130	2
<u>Note 7</u>			
Insurance proceeds - repairs (15/115 x 15k)		1,957	2
- Inventory (15/115 x 70% x 50k)		4,565	3
<u>Note 8</u>			
ISO Party - entertainment prohibited	-		1
<u>Note 9</u>			
Residential property - used to make exempt supplies	-		2
	22,050	144,492	27

**Question 2**

<b>Shiri CGT Computation for the 2015 Year of Assessment</b>			
		\$	
<u>Telemobile debentures</u>			
Proceeds (deemed)		17,000	1
		17,000	
<i>Less</i>			
Cost	11,000		1
Inflation allowance (11k x 2.5% x 3)	825		2
	11,825	(11,825)	
Capital gain		5,175	
Capital gains tax @ 20%		<b>1,035</b>	1
<u>Alternative solution:</u>			
This is a transfer of a specified asset between companies under the same control.			
An election can be made to transfer specified assets at the amount equal to the deductions established in the hands of the seller.			
Therefore no CGT consequences until asset is sold to someone outside the group.			
<u>Bulawayo industrial site</u>			
Proceeds		1,200,000	1
Recoupment - Building (\$500,000*75%*5%*5) - acquired		(93,750.00)	2
Improvements ((\$45,000 + \$2,500) *25%)		(11,875.00)	1
		1,094,375	
<i>Less</i>			
Cost - Land and buildings	500,000		1
Improvements - Staff canteen	2,500		1
- Factory space	45,000		1
Capital allowances	(105,625)		0.50
Inflation allowance (500k x 2.5% x 6) + (47,500 x 2.5% x 2)	77,375		2
	519,250	(519,250)	
Potential capital gain		575,125	
Rollover relief (950k/1.2mil x 575,125)		(455,307)	2
Capital gain		119,818	
Capital gains tax @ 20%		<b>23,964</b>	1
			17.5

<b>Rekeni CGT Computation for the 2015 Year of Assessment</b>			
		\$	
<u>Okavango shares</u>			
Proceeds		27,000	1
		27,000	
<i>Less</i>			
Cost (Estate value)	13,500		1

Inflation allowance (13.5k x 5 x 2.5%)	1,688		2
	15,188	(15,188)	
Capital gain		11,813	
Tax @ 20%		<b>2,363</b>	1
<u>PPR</u>			
Proceeds		350,000	1
		350,000	
<i>Less</i>			
Cost	285,000		1
Inflation allowance (285k x 2.5% x 4)	28,500		2
	313,500	(313,500)	
		36,500	
Tax @ 20%		<b>7,300</b>	1
<u>Investment property</u>			
Proceeds (8k x 12 + 24k) (s18 deemed proceeds)		120,000	2
Recoument (50k x 2.5%)		(1,250)	1
		118,750	
<i>Less</i>			
Cost	65,000		1
Capital allowances	(1,250)		0.5
Inflation allowance (65k x 2.5% x 2)	3,250		2
	67,000	(67,000)	
Potential capital gain		51,750	
s18 relief (51,750 x 56k/120k)		(24,150)	2
Capital gain		27,600	
Tax @ 20%		<b>5,520</b>	1
			19.5
Grand Total			37