

Please note that all questions relate to the 2016 year of assessment

1. Mining

- 1.1.** Takudzwa is not allowed to use the life of mine method to calculate his Capital Redemption Allowance.
- a. True
 - b. False
- 1.2.** How much of a deduction does Takudzwa get for payment of royalties?
- a. 4,500
 - b. 9,000 (Double deduction)
 - c. Nil
- 1.3.** Calculate the recoupment on the disposal of the pump.
- a. 500
 - b. 630
 - c. 375
 - d. 450
- 1.4.** Will the machinery repairs be allowed as part of normal deductions, or as part of Capital Redemption allowance?
- a. Normal deduction
 - b. It forms part of CRA
 - c. None of the above
- 1.5.** Calculate Takudzwa's UBCE.
- a. 9,700
 - b. 5,100
 - c. 13,000
 - d. Nil
- 1.6.** Will Takudzwa be allowed a future tax deduction for the 2016 loss?
- a. Yes.
 - b. He can only carry the loss forward for 6 years.
 - c. He cannot recognise the loss as he does not expect to make any profits in the near future.

- 1.7.** Calculate Takudzwa's Capital Redemption Allowance for the 2016 year of assessment.
- a. 16,250
 - b. 11,150
 - c. 15,620
- 1.8.** Calculate the allowable deduction with regards to medical aid costs.
- a. No deductions, only tax credits allowed.
 - b. 2,000
 - c. 3,100
- 1.9.** Calculate the allowable deductions with regards to donations.
- a. 4,000
 - b. 1,500
 - c. 2,000
- 1.10.** For the purposes of calculating CRA, the cost of staff housing is restricted to:
- a. 25,000
 - b. 10,000
 - c. None of the above

2. Farming

- 2.1.** Should the partnership be taxed in its own right?
- a. Yes, it is a juristic person.
 - b. No, partnership income is taxed in the individual partners' hands using tax tables.
 - c. No, partnership income is taxed in the individual partners' hands at the corporate tax rate.
- 2.2.** Are the medical aid contributions paid for the partners brought into gross income in their individual assessments?
- a. Yes
 - b. No, they are exempt (3rd schedule)
 - c. They are prohibited
- 2.3.** Is the partnership allowed a deduction for the joint life policy?
- a. Yes.
 - b. No, the partnership is not a juristic person, so no deduction as it does not file tax returns.
 - c. Not allowable as a deduction.
- 2.4.** Calculate the capital allowances on the temporary farm road
- a. No capital allowances – 7th schedule deduction in year of construction
 - b. No capital allowances, normal s15 deduction
 - c. 392.50
- 2.5.** Calculate the partnership's drought relief for the 2016 year of assessment.
- a. 2,800
 - b. 5,000
 - c. 6,500
- 2.6.** Calculate the restocking allowance for the partnership in the 2016 year of assessment.
- a. 33,000
 - b. 12,000
 - c. 16,500
- 2.7.** Which of the following is not a 7th schedule item?
- a. Contour ridges
 - b. Borehole
 - c. Water furrows
- 2.8.** What is the limitation on farm staff housing for the purposes of calculating capital allowances?

- a. \$10,000
 - b. \$25,000
 - c. None of the above, the full amount is allowed.
- 2.9.** Calculate the capital allowances on the farm house for the 2016 year of assessment.
- a. Capital allowances exhausted (SIA and accelerated wear and tear over 4 years)
 - b. \$450
 - c. Does not rank for capital allowances
- 2.10.** Should the partners be taxed on the drawings they make?
- a. Yes, it is an amount received, and thus forms part of gross income.
 - b. Partners' drawings are not taxable.
 - c. They should only be taxed in proportion of their stake in the partnership.