

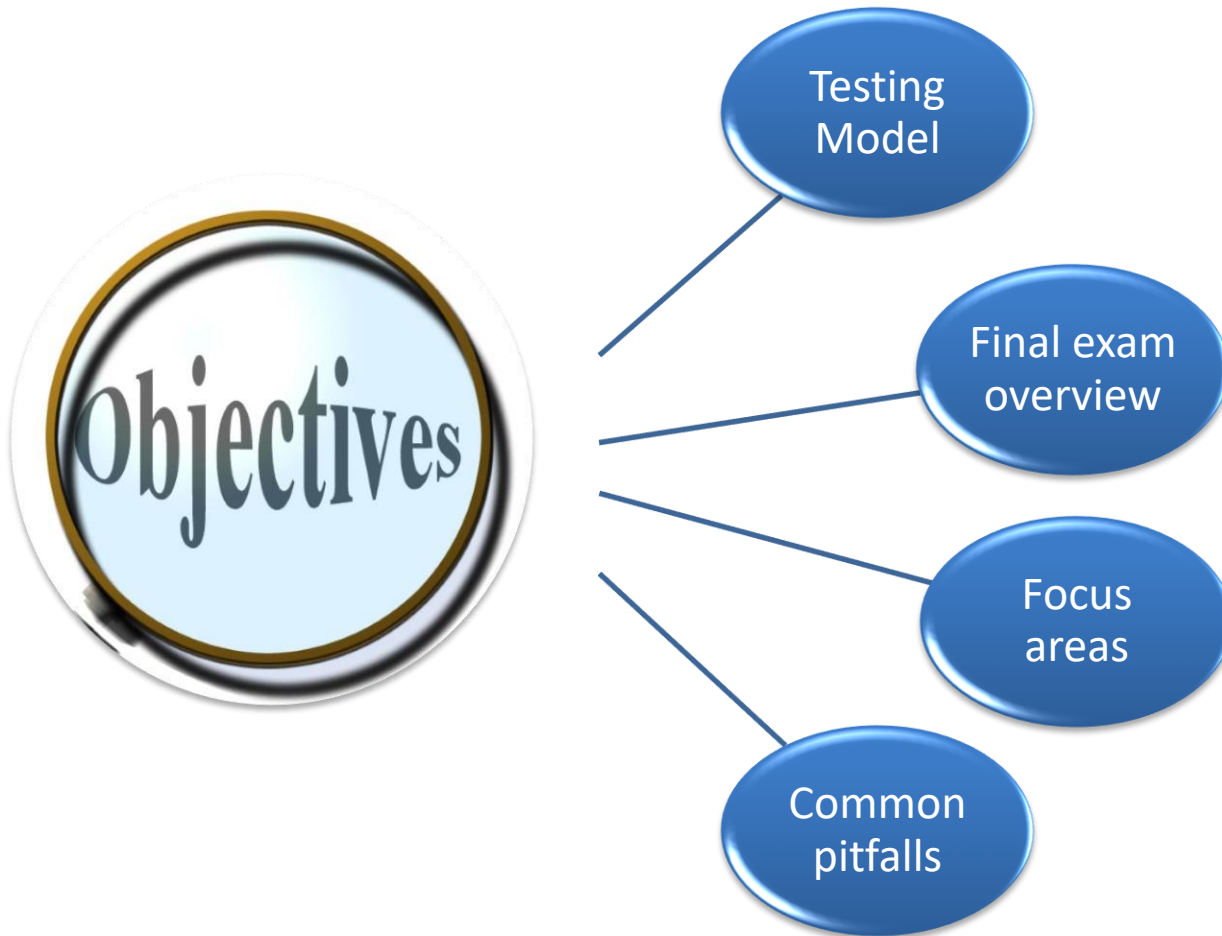
CAA

CHARTERED
ACCOUNTANTS
ACADEMY

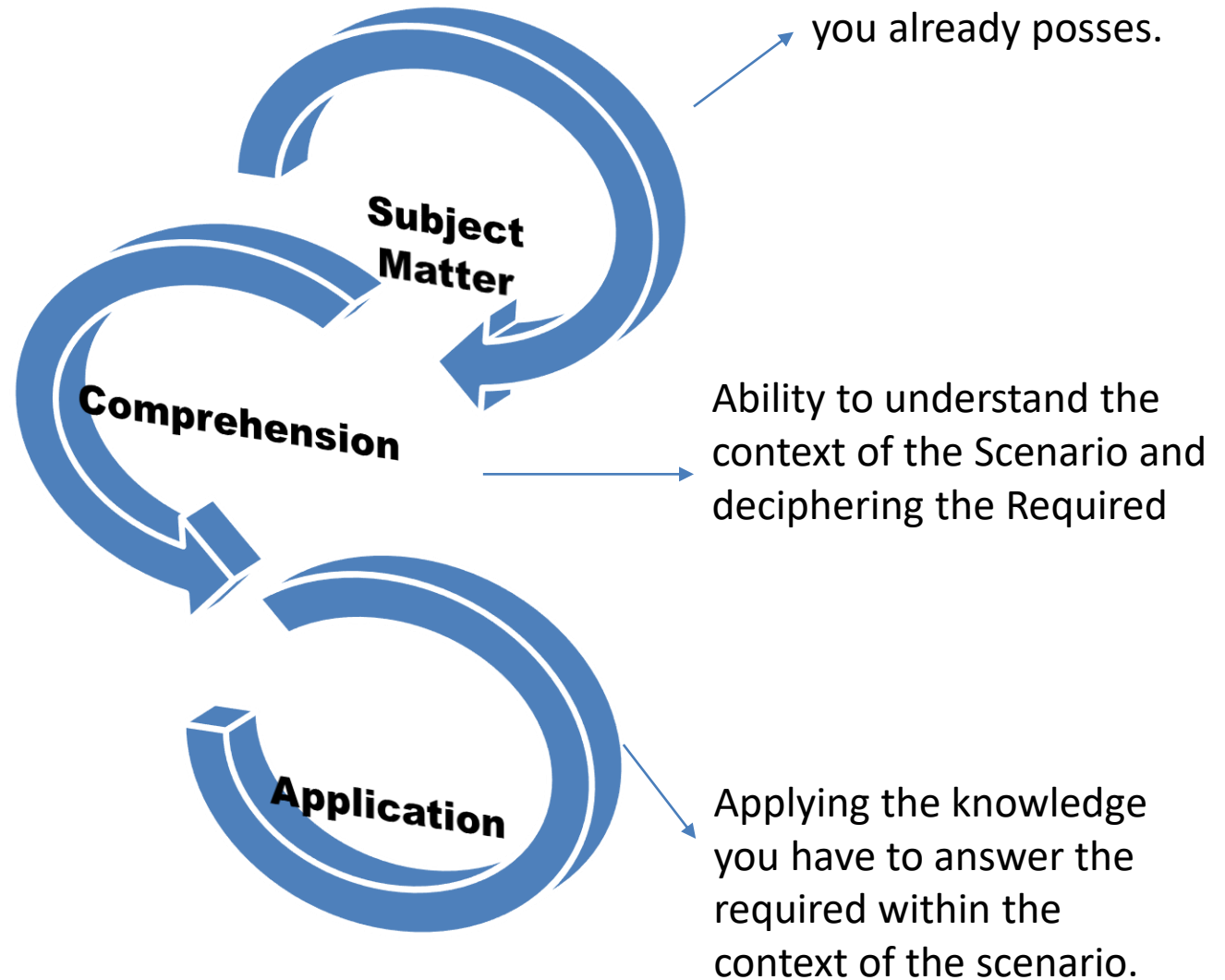


UNISA SUPPLEMENTARY PREPARATION





Testing Model



Exam Overview

- Main issue was understanding the scenario and the context.
- Main pitfalls:
 - Thinking that CCT was a partnership
 - Failure to apply basic knowledge
 - Lack of knowledge of some specific sections
 - Failure to follow instructions
 - Ability to discuss VAT

Focus Areas

- Please review the following areas during your preparation for the exam.
- Note these areas are not the exam but simply the areas that we feel students are weakest in and need specific attention.
- The following slides will be in point form and are meant to point you towards the area to study and are not a replacement of content.

- Gross Income

- Applying the general definition

- Source
 - Deemed source
 - Capital in nature

- Common pitfalls

- Not picking up the type of income and applying true source principle
 - Lack of knowledge of specific provisions and using the word deemed unnecessarily
 - Ability to apply the Capital in nature principles of compensatory or non-compensatory income

- General Deduction
 - Applying the general formulae
 - Production of income/purpose of trade
 - Capital in nature
 - Common pitfalls
 - Inability to discuss purpose of trade and confusing arguments with capital in nature arguments
 - Inability to articulate capital in nature principles for deductions e.g using enduring benefit or fixed or floating capital principles
 - Discussing deductibility of interest expense
 - Differences between a tax credit and a deduction

- Capital gains tax
 - Capital allowances and the number of years used
 - Inflation allowance and the number of years used
 - Types of specified assets and the specific provisions for the assets
 - The deferment and reliefs applicable to taxpayers
- Employment Income
 - When elderly credits are applicable
 - Other credits
 - Pensions, RAF's and benefit funds
 - Commutation
 - Annuities
 - Exemptions

- VAT
 - Output tax
 - Supply/trade
 - Rate
 - Time of supply
 - Value of supply
 - Input tax
 - Where you charged?
 - Are you making taxable supplies?
 - Adjustment, knowing the specific provisions

VAT cont.

- Common pitfalls
 - Using input tax to determine whether output tax should be charged.
 - Completeness of output tax discussion i.e. not discussing time and value of supply for output tax
 - Not being able to break a transaction into its component parts and discussing each component

Specialised tax payers

- Deceased estates – section 11
 - Determine if income is from an asset in a deceased estate s11(1)
 - Determine when the right to claim the amount arose and when the amount is due and payable
 - Amount due pre-death and right in the lifetime = income in deceased estate s11(4)(b)
 - No right in life time and gratuitous amount = not income in deceased estate s11(4)(c)
 - Due post death = income in deceased estate

Cont.

- Farmers and Miners
 - Treatment of capital allowances
 - Treatment of capital expenditure
 - Specific reliefs eg drought relief
- Partnerships
 - Deeming provision s10(2)
 - Separation between the partnership and the individual income.

General Pointers

- Be aware of how tax planning can be applied
- Always be aware of anti-avoidance legislation and areas where they may be tax avoidance.

failing = prepare
to prepare = to fail