

QUESTION 1 – TAX1501 Assessment 2

Bongumusa Mnisi – Tax Calculation for 2025 Year of Assessment

Student Name: Tshiamo Legodi

Unique Assignment Number: 687727

PART A: Calculation of Normal Tax Payable

1. Gross Income

Description	Amount (R)
Salary	1 800 000
Bonus	180 000
Overtime	26 000
Sole Proprietor Income	140 000
Rental Income	56 000
Local Interest	50 000
Foreign Interest	36 000
Total Gross Income	2 288 000

Note: Local dividends of R23 800 are exempt under section 10(1)(k) and excluded from taxable income.

2. Interest Exemption (Age 65+)

Description	Amount (R)
Total Interest (Local + Foreign)	86 000
Less: Exemption (Section 10(1)(i)(i))	(34 500)
Taxable Interest	51 500

3. Allowable Deductions

Description	Amount (R)
Pension Fund Contribution (Employee portion)	60 000
Medical Aid Contributions (Employee portion)	24 000
Prescription Medication	4 000
Skincare Product Expenses	42 000

Description	Amount (R)
Total Deductions	130 000

Repairs to rental property (R4 000) are capital in nature and not deductible.

4. Taxable Income Calculation

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Adjusted Gross Income = 2 288 000 + 51 500 = 2 339 500

Less: Deductions = 130 000

Taxable Income = 2 209 500

5. Tax Liability (per 2025 Tax Tables)

Calculation	Amount (R)
Base Tax (R644 489) + 45% of (2 209 500 – 1 817 000)	644 489 + 176 625
Total Tax Before Rebates	821 114

6. Less: Rebates

Description	Amount (R)
Age Rebate (66 years old)	26 679
Medical Tax Credit (R364 × 12)	4 368
Total Rebates	31 047

7. Final Tax Payable

Description	Amount (R)
Tax Before Rebates	821 114
Less: Rebates	(31 047)
Normal Tax Payable	790 067
Less: Employees' Tax Withheld	(700 000)
Less: Provisional Tax Paid	(53 500)
Tax Due to SARS	R36 567

☒ **PART B: Fringe Benefits to be Included in Taxable Income (12 marks)**

1. Residential Accommodation

- Remuneration (2024): R800 000

- Value exceeds R95 750 → taxable
- Fringe benefit = $17\% \times R800\,000 = \mathbf{R136\,000}$

2. Employer's Motor Vehicle

- Value: R250 000 (with maintenance plan)
- Fringe benefit = $3.25\% \times R250\,000 \times 12\text{ months} = \mathbf{R97\,500}$

3. Subsistence Allowance

- Actual spent: R3 100
- Deemed allowance (6 days \times R548): R3 288
- Since actual < deemed, no taxable amount
- **Taxable portion = R0**

Summary of Fringe Benefits

Benefit	Amount (R)
Residential Accommodation	136 000
Motor Vehicle	97 500
Subsistence Allowance	0
Total to Include in Taxable Income	R233 500

QUESTION 1 – PART B

Fringe Benefits Included in Taxable Income – Bongumusa Mnisi

Student Name: Tshiamo Legodi

Unique Assignment Number: 687727

☒ Required: Calculate the amount to be included in Bongumusa's 2025 taxable income for each of the listed benefits.

1. Residential Accommodation

- Bongumusa stayed in employer-provided accommodation for the full year.
- His 2024 remuneration = R800 000
- Value exceeds R95 750 → taxable fringe benefit applies
- Formula: $17\% \times R800\,000 = \mathbf{R136\,000}$
- **Amount to include in taxable income: R136 000**

2. Use of Employer's Motor Vehicle

- Vehicle: Ford Figo, purchased for R250 000 (includes VAT and maintenance plan)
- Bongumusa used the vehicle exclusively for private purposes
- Employer paid all operating costs
- Fringe benefit = $3.25\% \times R250\,000 \times 12 \text{ months} = R8\,125 \times 12 = \mathbf{R97\,500}$
- **Amount to include in taxable income: R97 500**

3. Subsistence Allowance

- Bongumusa travelled for 6 days to Cape Town
- Employer paid R5 000 allowance
- Actual expenses incurred: R3 100 (with proof)
- Deemed allowance (food + incidental) = $R548 \times 6 = R3\,288$
- Since actual < deemed, and proof was provided, **no taxable portion**
- **Amount to include in taxable income: R0**

☒ **Summary of Fringe Benefits to Include**

Benefit	Amount (R)
Residential Accommodation	136 000
Motor Vehicle	97 500
Subsistence Allowance	0
Total Fringe Benefits	R233 500