**QUESTION 1**

Ros sells whiteboard erasers. She is paid a salary of $2,000 per calendar month and commission of 20% of sales she makes. Her accounts for the current income year were as follows:

**Receipts** $

Salary ($6,000 of this was for salary for the previous year which her employer was unable to pay her due to cash flow problems) 30,000

Commissions 15,000

Long service leave (paid on 25 June of the current income year for 5 weeks leave commencing 30 June of the current income year) 2,500

Interest (Ros had invested $20,000 for 12 months on 5 January two years ago at 12%. On termination of this period she reinvested the principal and interest, $22,400, for a further 12 months at 10%. When the investment matured she withdrew the total funds in the current income year) 24,640

Alimony payments from her former husband 3,000

Clothing Allowance 1,000

Rent from rental property 12,000

**Payments**

Childcare costs 4,000

Interest repayments (Ros' study occupied 10% of the house. She was provided with an office at her employer's premises but preferred to do some administrative work at home on the weekends.) 10,000

Home electricity expenses 1,500

Conference expenses for Salespersons' Motivation Conference. Held by the Institute of Salespersons. 250

Superannuation contributions to a private scheme 1,000

Dresses bought at the local shops to be used for work only 1,800

Loan repayments on rental property loan. Monthly repayments were $2,500 of which $2,250 represented interest. 30,000

New hot water system for rental property to replace the old system which blew up after having been in use for 5 years. It’s written down value at the date it was scrapped was $220. The new hot water system had an effective life of 8 years and had been acquired on 15 October CY ***(do not pool)*** 500

New sofa on 1 December CY for use in rental property 290

**Required:**

Calculate Ros' taxable income and net tax payable for the current income year including Medicare levy.

Provide brief reasons for the **exclusion** of any items from the calculation.