the red row) from it. The income and expense items are provided by the client. These two calculations are discussed in more detail below.

## Taxable Income

* Salary: This is the total Cost To Company. The entire amount is taxable.
* Bonuses: This is a sum of money added to the salary, usually as a reward for good performance. The entire amount is taxable.
* Interest Received: There is an exemption of 23 500, which is not taxable. Any interest received in excess of this is taxable.
* Capital Gain: Normally this is a complex item with many rules of its own. However, for the purposes of this project, the client just provides the capital gain amount, along with the exemption. The taxable amount is then 40% of the capital gain above the exemption amount.

## Deductable Expenses

* Retirement Funding: To encourage savings, the government allows retirement funding to be deductable from the taxpayer’s salary, up to a maximum of 27.5% of non-pensionable salary. If the client enters a number greater than this, only 27.5% must be deducted.
* Travel Allowance: If the taxpayer incurs travel costs on behalf of his/her company, his/ her company may reimburse them. The receiver allows them to deduct this amount from their taxable salary.

Once the taxable income has been determined, the taxable income is passed through the tax table. The tax table is structured such that the portion of taxable income within a certain range is taxed at a designated rate. For example, in *Figure 1*, the taxable income is 385 500. The portion below 205 900 is taxed at 18%. The portion that is above 205 901 and 321 600 is taxed at 26%. The remaining portion, which falls in between 321 601 and 445 600, is taxed at 31%. This scheme ensures continuity between tax brackets.

Applying the tax tables to the taxable income results in the tax payable. However, SARS provides a primary rebate of 14 220 to every taxpayer and allows Medical expenses to be deducted at this point. For the purposes of this project, the maximum amount of medical credits is assumed to be 12 000. The final tax owed is thus obtained.

# Phases

The project is broken into three phases that represent different goals the students should achieve during that phase. Although the phases are structured as outcomes, it must be kept in mind that due to the limited time, not all students are expected to complete all the phases. At the very least, Phase 1 should be completed by all