

Examiner's report

F6 Taxation (ZAF)

December 2010



General Comments

The three hour examination consisted of five compulsory questions of 30 marks, 25 marks 20 marks, 15 marks and 10 marks respectively. The focus was on the broad application of the legislation in tax computations.

In general, the performance was adequate in the standard company and individual tax questions and the VAT question. However the performance in the capital gains tax and provisional tax areas was particularly disappointing.

Specific Comments

Question One

This 30 mark question dealt with a typical tax calculation of a company. The question was generally adequately answered.

There were a number of basic errors, such as adding deductions to taxable income and the use of incorrect capital allowance rates (including incorrectly apportioning the s12C allowances). Most candidates did not understand the s13(3) recoupment set-off provision. And most candidates had difficulty with the s11D research and development allowances.

Question Two

This 25 mark question dealt with a South African individual, and was generally adequately answered. A number of candidates deducted the primary rebate in calculating taxable income. Many candidates did not read the question properly and calculated the remuneration related items for 12 months, instead of ten.

Question Three

This question was out of 20 marks and dealt with Capital Gains Tax.

The question was generally very poorly answered. Most candidates did not understand the calculation of proceeds and base cost in terms of excluding recoupments and allowances respectively. Also, most students did not identify and deal with the deferral of the capital gain under the circumstances of an involuntary disposal, that is, they seemed to be unaware of p65 of the Eighth Schedule.

Question Four

A large part of the question dealt with provisional tax. The question was fairly straight-forward, but most students displayed a complete lack of understanding of the mechanics of the provisional tax principles and calculations.

Question Five

This 10 mark question comprised an uncomplicated VAT scenario and was generally well handled by candidates.