

Examiner's report

F6 Taxation (ZAF)

December 2013



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 but there was also a reasonably significant discussion component.

In general, the performance was adequate in the company tax question (question 1) and the theoretical questions (question 5). The VAT question (question 4) was generally very well dealt with. But the employees' tax/individual tax question (question 2) and the CGT question (question 3), were poorly handled.

Specific Comments

Question One

This 30 mark question dealt with company tax, including a discussion of gross income and expenditure in the context of damages and negligence. The question was of a moderate level of difficulty and was generally adequately answered.

Concerns include the fact that many candidates failed to identify that the recoupment and capital gain arising from the disposal of the debarking machine were subject to the deferral rules and many applied apportionment to the section 12C allowances.

Question Two

This 25 mark question was moderately difficult and dealt with a South African individual with employment and other income. It tested candidates' understanding of the interplay between the employees' tax computation of the employer and the employee's own tax return computation. Very few candidates calculated the annual equivalent for employees' tax purposes or the PAYE amount for the annual payment. Most candidates incorrectly provided for a deduction of the employer's contribution to the pension fund and quite a number incorrectly included medical deductions in the employees' tax (PAYE) calculation.

Question Three

This question was out of 20 marks and dealt with Capital Gains Tax. Part (a) was moderately difficult and dealt with the disposal of a pre-valuation date holiday house, and was generally poorly handled. Many candidates lost marks by using the incorrect (actual) proceeds in the formulae, despite many of them identifying the fact that the market value at disposal date was to be treated as proceeds. A fair number of candidates incorrectly treated that market value at date of disposal as the valuation date market value.

Part (b), dealing with the CGT effect of the disposal of several assets was much easier and candidates fared better in this part.

Question Four

This 15 mark question was a mixed discussion and calculation question dealing with VAT. This was easy and most candidates performed very well.



Question Five

This 10 mark question dealt with several theoretical issues and was generally adequately answered.