Tutorial Letter 101/0/2017

ADVANCED TAXATION

TAX4861
NTA4861

YEAR MODULE

Department of Financial Intelligence

IMPORTANT INFORMATION:
This tutorial letter contains important information about your module.
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1. INTRODUCTION AND WELCOME

Dear Student

We welcome you and hope that you will find the academic year both interesting and rewarding, and that you will be successful.

Although Unisa is rapidly offering an increasing number of modules online, it has not lost sight of the fact that many students do not have a suitable device to go onto the internet for study purposes or cannot afford the expense of going online. This module is offered in a blended mode, which means it is available online on myUnisa but you will also receive your tutorial letters (eight in total) in printed form. There are screencasts (which covers some difficult or important concepts) loaded under Learning Units on myUnisa which you will be able to benefit from whilst you are studying. We will also load additional information on myUnisa and make announcements on myUnisa on a regular basis, all for which you should receive an e-mail notification.

The tutorial letters (Tutorial Letters 101 – 108) are our way of communicating with you about teaching, learning and assessment. You will be well on your way to success if you start studying early in the year and resolve to do the self-assessment assignments properly. The self-assessment assignments will prepare you for the tests and the final examination.

Tutorial Letter 101 contains important information about the scheme of work, resources and assessment for this module. We urge you to read it carefully and to keep it at hand when working through the study material when preparing for the tests and the examination. Please read Tutorial Letter CASALL1/301/2017 in conjunction with Tutorial Letter 101.

Since you are a postgraduate student, you should have a thorough basic knowledge of Taxation. The responsibility will rest with you to attend to any lack of knowledge you may experience during the course of the year. However, we will assist you where possible. It is extremely important that you are fully familiar with the underlying theory. Please ensure that you master the various topics as you progress with your studies during the year.

We hope that you will enjoy this module and wish you all the best!
2. PURPOSE AND OUTCOMES OF THE MODULE

2.1 Purpose

This module will be useful to strengthen the knowledge of taxation of tax practitioners, accountants and aspiring accountants in South Africa. It will also serve as preparation towards the Postgraduate Diploma in Applied Accounting Sciences (CTA level 2).

2.2 Outcomes

Students who successfully complete this module will be able to –

- Identify different types of taxpayers and provide advice on the taxes payable by each of the taxpayers.
- Analyse an entity’s organisational structure and explain the tax implications of the selected structure with specific reference to the connected person and group of company rules.
- Advise on standard processes and methods to ensure that all deadlines are met for each of the different taxes, including the timely analysis of assessments and reassessments; and the consequences of failing to meet the deadlines.
- Classify different types of companies (private, public, small business corporation, personal service provider, foreign).
- Analyse information to advise the taxpayer on how it is classified and included in taxable income (business income, income from property, exemptions, capital gains).
- Analyse expenditure to determine if it is deductible (for example, for capital allowances, assessed losses and special allowances).
- Determine which foreign income is taxable in South Africa and which rebates can be claimed.
- Analyse transactions subject to dividends tax; and advise the taxpayer on possible tax planning opportunities.
- Allocate income / loss from a partnership to the different partnerships and of an inter vivos trust between the beneficiaries of the trust.
- Advise vendors on the information that is needed to file accurate value-added tax returns.
- Identify different types of supplies; and provide a vendor with advice on the value-added tax consequences of the transactions.
- Identify, analyse and explain the impact of transactions aimed at minimising a vendor’s value-added tax liability.
- Analyse the entity’s tax profile to identify possible tax planning opportunities.
- Identify alternative courses of action with their corresponding opportunities and risks (for example, for salary versus dividend, loans to shareholders, dividends).
- Describe the need to plan for transferring the shares of a company (for example, in relation to a spouse, children, employees or a group company) and explain the process and tax risks.
- Identify, analyse and explain the impact of incorporating a non-incorporated business.
- Analyse and advise on the tax consequences of the sale or acquisition of shares versus assets, including the possible acquisition of control and the liquidation of a company.
- Analyse a practical case study and advise on how to transfer property in order to meet tax planning objectives in an existing corporate structure.
• Describe the tax consequences of alternative approaches to structuring a transaction (for example for exchange of shares between connected or unrelated parties, transaction between a partnership and its partners) with regard to achieving the entity’s strategies.
• Describe the applicability of tax provisions related to the liquidation or deregistration of a subsidiary into its holding company, or the amalgamation of companies.
• Determine which of the available options is most suitable for a specific decision-making situation and communicate the information to the taxpayer.
• Analyse the content of assessments and reassessments to gain an understanding of the issues in dispute and have a basic understanding of the provisions of the Tax Administration Act.
• Identify and describe information to be gathered to assist in formulating an appropriate response.
• Prepare responding materials required by regulation to initiate an appeal or file a notice of objection.
• Demonstrate some of the pervasive qualities and skills as required in the SAICA: Competency Framework.

3. CONTACT DETAILS

3.1 Personnel

<table>
<thead>
<tr>
<th>Department of Financial Intelligence (Situated on the first floor of the AJH van der Walt Building)</th>
<th>Telephone number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair of Department: Mr A de Graaf</td>
<td>+27 12 429-4529</td>
</tr>
<tr>
<td>Personal assistant: Ms E Galetti</td>
<td>+27 12 429-4868</td>
</tr>
<tr>
<td>Postgraduate coordinators: Ms Al Becker (January until June)</td>
<td>+27 12 429-4822</td>
</tr>
<tr>
<td></td>
<td>Ms MS Vorster (July to December)</td>
</tr>
</tbody>
</table>

Advanced Taxation (TAX4861)

<table>
<thead>
<tr>
<th>Lecturers</th>
<th>Telephone number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Al Becker</td>
<td>+27 12 429-4822</td>
</tr>
<tr>
<td>Ms L Brits</td>
<td>+27 12 429-2229</td>
</tr>
<tr>
<td>Mr L Campher</td>
<td>+27 12 429-6559</td>
</tr>
<tr>
<td>Ms A Heyns</td>
<td>+27 12 429-4653</td>
</tr>
<tr>
<td>Ms L Pienaar</td>
<td>+27 12 429-4097</td>
</tr>
<tr>
<td>Ms MM Pretorius</td>
<td>+27 12 429-3278</td>
</tr>
<tr>
<td>Prof S Smulders</td>
<td>+27 12 429-3185</td>
</tr>
<tr>
<td>Ms NV Thoothe</td>
<td>+27 12 429-2909</td>
</tr>
<tr>
<td>Ms M Ungerer</td>
<td>+27 12 429-4749</td>
</tr>
<tr>
<td>Ms MS Vorster</td>
<td>+27 12 429-4726</td>
</tr>
</tbody>
</table>

Administrative officer: Mr TM (Maxwell) Mapheda | +27 12 429-2947 |

Postgraduate hunting line: | +27 12 429-4135 |
Availability of lecturers

E-mail

We prefer e-mail correspondence since all incoming e-mails are controlled to ensure that you get a response as soon as possible. It is important to give your student number; state your query; and, if necessary, refer to the relevant tutorial letter or textbooks.

In some instances you may find that a specific lecturer is not available between 8:00 and 16:00 (weekdays), because the lecturer has to attend meetings, study schools, seminars, conferences or workshops. Thus, the best option to use is the subject e-mail address for queries to ensure prompt replies. Most of the times there will be a lecturer(s) available between 8:00 and 16:00 (weekdays).

Due to the high volumes of e-mails received by lecturers from students it is not always possible to reply to these e-mails immediately. Please be patient, your e-mails will be attended to as soon as possible. Our turnaround time is within 48 hours during weekdays.

E-mail: **TAX4861-17-Y1@unisa.ac.za**

Telephonically

In order to improve the service rendered to the students, the Department of Financial Intelligence has implemented a telephone duty system for all postgraduate tax courses.

When contacting us, please state your name and the subject code TAX4861. We have more than one postgraduate course and it will assist the lecturer in focusing on your query. State your query and, if necessary, refer to the relevant tutorial letter or textbooks.

You can contact your lecturers telephonically by calling

- The administrative officer +27 12 429 2947 who will put you in touch with a lecturer on duty, or will take a message; and an available lecturer will contact you as soon as possible.
- The Taxation hunting line +27 12 429 4135 – let the phone ring so that the exchange can find a free extension.
- Any of the lecturers.

Personal visits

In order to avoid any disappointment, make an appointment with a lecturer since they are not always readily available. The most efficient way to make an appointment is to send an e-mail to the subject mailbox and state the required time and date for an appointment. The lecturers will then confirm the appointment via e-mail.

3.2 Department

The Department of Financial Intelligence is situated on the main campus on the first floor of the AJH van der Walt Building.

Department of Financial Intelligence contact number:

- +27 12 429 2947 (Administrative officer - Mr TM (Maxwell) Mapheda) or
- +27 12 429 4868 (the Departmental secretary - Ms E Galetti)
3.3 School of Applied Accountancy

THE CONTACT DETAILS ARE AS FOLLOWS:

<table>
<thead>
<tr>
<th>SCHOOL OF APPLIED ACCOUNTANCY</th>
<th>Telephone number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Director</strong></td>
<td></td>
</tr>
<tr>
<td>Prof Christa Wingard</td>
<td>012 429 4013</td>
</tr>
<tr>
<td>Secretary: Ms Niki Motshwane</td>
<td>012 429 4975</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Department of Financial Governance</th>
<th>Telephone number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair: Prof Zanné Koppeschaar</td>
<td>012 429 4717</td>
</tr>
<tr>
<td>Secretary: Ms Mariana Marais</td>
<td>012 429 4720</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Department of Financial Intelligence</th>
<th>Telephone number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair: Mr Albert de Graaf</td>
<td>012 429 4529</td>
</tr>
<tr>
<td>Secretary: Ms Eunice Galetti</td>
<td>012 429 4868</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>School Administrator</th>
<th>Telephone number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Lessiah Mtshweni</td>
<td>012 429 4339</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Information Technology</th>
<th>Telephone number</th>
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</thead>
<tbody>
<tr>
<td>Mr Chris Engelbrecht</td>
<td>012 429 4357</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Email</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="mailto:CASenquiries-CTA@unisa.ac.za">CASenquiries-CTA@unisa.ac.za</a></td>
<td></td>
</tr>
</tbody>
</table>

3.4 College of Accounting Sciences Information Hub contact details

**COLLEGE E-MAIL ADDRESSES:**

<table>
<thead>
<tr>
<th><a href="mailto:Casenquiries-postgraduate@unisa.ac.za">Casenquiries-postgraduate@unisa.ac.za</a></th>
<th>College-related enquiries (teach out, qualification articulation, academic enquiries, everything relating to academic and tuition)</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="mailto:Casenquiries-CTA@unisa.ac.za">Casenquiries-CTA@unisa.ac.za</a></td>
<td>College-related CTA enquiries (everything relating to academic and tuition)</td>
</tr>
</tbody>
</table>

**COLLEGE TELEPHONIC ENQUIRIES:**

Hunting line 012 429 4211

3.5 University

If you need to contact the university about matters that are not related to the content of this module, please consult the publication *my Studies @ Unisa* that you received with your study material. This booklet contains information on how to contact the university (to whom you can write for different queries, important telephone and fax numbers, addresses and details of the times certain facilities are open).

Always have your student number at hand when contacting the university.
You can also contact Unisa as follows:

**Unisa website** (http://www.unisa.ac.za & http://mobi.unisa.ac.za)
All study-related information is now available on the new Unisa corporate website in both web and mobi formats.

**myUnisa** (https://my.unisa.ac.za/portal & https://my.unisa.ac.za/portal/pda)
Students can access their own information via the myUnisa website or mobi site.

**E-mail** (info@unisa.ac.za)
Students may send an e-mail to info@unisa.ac.za for information on how to contact Unisa via e-mail.

**SMS** (32695 - only for students in South Africa)
Students may send an SMS to 32695 for more information on how to contact Unisa via SMS. The sender will receive an auto response SMS with the various SMS options.

**Fax** +27 12 429 4150
Students will be able to fax their enquiries to +27 12 429 4150, where after it will be distributed to the relevant department and processed.

**Postal address**
University of South Africa, PO Box 392, Unisa, 0003

Administrative enquiries should be directed to the appropriate e-mail address to avoid unnecessary delays in response; and **should always include the student number in the subject line**. You should only send an enquiry to one e-mail address at a time. Multiple enquiries should be split appropriately and e-mailed to the correct addresses. This will ensure that there is no confusion as to who must respond.

**E-mail addresses:**

<table>
<thead>
<tr>
<th>E-mail address</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="mailto:econCTA@unisa.ac.za">econCTA@unisa.ac.za</a></td>
<td>Registration enquiries (activation of registration, incorrect registration, curriculum control, qualification audit, additional modules for final year students)</td>
</tr>
<tr>
<td><a href="mailto:exams@unisa.ac.za">exams@unisa.ac.za</a></td>
<td>Examination enquiries (outstanding results, exam timetable, change of examination centre)</td>
</tr>
<tr>
<td><a href="mailto:remark@unisa.ac.za">remark@unisa.ac.za</a></td>
<td>Remark/recheck enquiries</td>
</tr>
<tr>
<td><a href="mailto:ficoncessions@unisa.ac.za">ficoncessions@unisa.ac.za</a></td>
<td>Final year concession</td>
</tr>
<tr>
<td><a href="mailto:aegrotats@unisa.ac.za">aegrotats@unisa.ac.za</a></td>
<td>Aegrotat and special examination enquiries</td>
</tr>
<tr>
<td><a href="mailto:study-info@unisa.ac.za">study-info@unisa.ac.za</a></td>
<td>Study-info enquiries (official proof of registration, official academic records, general enquiries)</td>
</tr>
<tr>
<td><a href="mailto:applications@unisa.ac.za">applications@unisa.ac.za</a></td>
<td>Applications enquiries (new and returning students)</td>
</tr>
<tr>
<td><a href="mailto:AME@unisa.ac.za">AME@unisa.ac.za</a></td>
<td>AME enquiries (foreign students qualifications and matriculation exemptions)</td>
</tr>
<tr>
<td><a href="mailto:assign@unisa.ac.za">assign@unisa.ac.za</a></td>
<td>Assignments enquiries</td>
</tr>
<tr>
<td><a href="mailto:finan@unisa.ac.za">finan@unisa.ac.za</a></td>
<td>Financial enquiries (fees, outstanding balance, statements)</td>
</tr>
<tr>
<td><a href="mailto:despatch@unisa.ac.za">despatch@unisa.ac.za</a></td>
<td>Study material enquiries</td>
</tr>
</tbody>
</table>
myUnisaHelp@unisa.ac.za Assistance with myUnisa
myLifeHelp@unisa.ac.za Assistance with myLife e-mail accounts
Casenquiries-postgraduate@unisa.ac.za College related enquiries (teach out, qualification articulation, academic enquiries, everything relating to academic and tuition)
Casenquiries-CTA@unisa.ac.za College related CTA enquiries (everything relating to academic and tuition)

4. RESOURCES

4.1 Prescribed books

<table>
<thead>
<tr>
<th>Title</th>
<th>Edition</th>
<th>Authors</th>
<th>Publisher</th>
<th>ISBN number</th>
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<tbody>
<tr>
<td>SAICA Student Handbook Volume 3 (also available in Afrikaans - SAIGR Studentehandboek Volume 3)</td>
<td>2016/2017</td>
<td>SAICA</td>
<td>LexisNexis</td>
<td>9780409124989, 9780409124996</td>
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<tr>
<td>SILKE: South African Income Tax (Volume 1 and 2) (also available in Afrikaans - SILKE: Suid-Afrikaanse Inkomstebelasting (Volume 1 en 2))</td>
<td>2017</td>
<td>Stiglingh M, Koekemoer A, Van Zyl L, Wilcocks JS, De Swardt RD</td>
<td>LexisNexis</td>
<td>9780409124910, 9780409124927</td>
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<tr>
<td>Advanced Questions on SA Tax</td>
<td>2017 (2nd edition)</td>
<td>Parsons, S. (Editor)</td>
<td>JUTA</td>
<td>9781485121046</td>
</tr>
</tbody>
</table>

NOTE: Solutions to Advanced Questions on SA Tax that are not covered in the Tutorial letters will only be provided to students on receipt of proof that the questions have been attempted.

Please refer to the list of official booksellers and their addresses in the my Studies @ Unisa brochure. Prescribed books can be obtained from the university's official booksellers. Should you have any difficulties in obtaining books from the official booksellers, please contact the Prescribed Book Section as soon as possible at telephone number +27 12 429 4152 or e-mail vospresc@unisa.ac.za

5. STUDENT SUPPORT SERVICES

Important information appears in your my Studies @ Unisa brochure.

5.1 myUnisa

The myUnisa learning management system is Unisa's online campus that will help you to communicate with your lecturers; other students and the administrative departments of Unisa — all through the computer and the internet.
We communicate with you, the student, via your myLife (UNISA) e-mail address and announcements on myUnisa. It is advisable that you access your myLife (e-mail address and/or myUnisa on a weekly basis as additional material (for example screencasts loaded under Learning Units) and important notices or announcements are loaded on myUnisa. **If you fail to take responsibility, you will not be aware of important information which will have a negative impact on your studies.**

To go to the myUnisa website, start at the main Unisa website, [http://www.unisa.ac.za](http://www.unisa.ac.za), and then click on the “Login to myUnisa” link on the right-hand side of the screen. This should take you to the myUnisa website. You can also go there directly by typing in [http://my.unisa.ac.za](http://my.unisa.ac.za).

Please consult the publication **my Studies @ Unisa**, which you received with your study material, for more information on myUnisa.

### 5.2 CTA Support

As CTA students, you should also refer to the CTA Support website on a regular basis for important information, sometimes regarding last-minute changes and/or unforeseeable problems that may arise during the course of the year. This site can be found at [http://www.unisa.ac.za/cas/cta](http://www.unisa.ac.za/cas/cta).

### 5.3 Unisa Library services information

#### Unisa Library login

You will be required to provide your login details; that is, your student number and your myUnisa password, in order to access the library’s online resources and services. This will enable you to:

- view or print your electronic course material
- request library material
- view and renew your library material
- use the library’s e-resources

#### Requesting books from the library

Students are expected to purchase their own copies of the **prescribed books** listed in Tutorial Letter 101. A limited number of copies are kept in the Unisa libraries, subject to each branch library’s lending regulations. If you experience any problems in obtaining copies from booksellers, enquiries should be directed to the Prescribed Book section at e-mail vospresc@unisa.ac.za or telephone +27 12 429 4152.

### 5.4 Free computer and internet access

Unisa has entered into partnerships with establishments (referred to as Telecentres) in various locations across South Africa to enable you (as an Unisa student) free access to computers and the Internet. This access enables you to conduct the following academic related activities: registration; online submission of assignments; engaging in e-tutoring activities and signature courses; etc. Please note that any other activity outside of these is for your own account e.g. printing, photocopying, etc. For more information on the Telecentre nearest to you, please visit [www.unisa.ac.za/telecentres](http://www.unisa.ac.za/telecentres).
6. **STUDY PLAN**

Use your *my Studies @ Unisa* brochure for general time management and planning skills.

6.1 **Suggested study approach of this module**

**Self-evaluation assignments**

As is the trend internationally, the College of Accounting Sciences applies a self-evaluation strategy for formative assessment. This strategy is particularly suited to postgraduate levels, where students accept more responsibility for their own progress.

The assignment system is a self-evaluation system. Each assignment is sent to the student together with a suggested solution.

The reasons for implementing the self-evaluation system among others are the following:

- In order to optimally utilise the learning process in the fields of study, ready access to content-based feedback is essential.
- International research has shown improved performance as learners learn to assess the quality of their own learning process.
- Successful students are those who take responsibility for their own progress and take corrective action if their progress is not up to standard.
- Self-evaluation skills form an integral part of auditing practice, which is essentially evaluative in nature.
- Self-evaluation assignments assist the student in developing some of the pervasive qualities and skills as required in the SAICA: Competency Framework.

When used appropriately, self-evaluation assignments could have the following benefits:

- Assignments provide a total learning experience in that answers that are completed after studying the tutorial matter are marked immediately to identify problems and rectify them.
- Assignments give the student the opportunity to improve his/her examination technique which is specifically applicable when working under pressure.
- Assignments give the student the opportunity to seek help with problem areas at an early stage so that problems may be solved when the principles are still fresh in his/her mind. (Most students tend to seek help after they have worked through the suggested answer.)
- Assignments give students the opportunity to demonstrate some of the pervasive qualities and skills required in the SAICA: Competency Framework.

6.2 **Study programme**

**Tutorial letters**

You will not receive a study guide but tutorial letters during the year. This is to ensure that you only study relevant, updated legislation and case law.
<table>
<thead>
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<th>Tutorial letter</th>
<th>Study week ending</th>
<th>Learning unit</th>
<th>Topics</th>
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<tr>
<td>102</td>
<td>Studied together with applicable learning units</td>
<td>1</td>
<td>Interpretation and application of legislation</td>
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<td>Case law</td>
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<tr>
<td>103</td>
<td>21 February 2017</td>
<td>2</td>
<td>Donations tax</td>
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<td>104</td>
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<td>Gross income – special inclusions</td>
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<td>Share transactions (section 9C)</td>
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<td>Exempt income</td>
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<td>Residence (source – section 9 and common law)</td>
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<td>Non-residents (including withholding taxes)</td>
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<td>Double tax agreements</td>
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<td></td>
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<td>6</td>
<td>General deduction formula (section 11(a) read with section 23)</td>
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<td>7</td>
<td>Capital gains tax</td>
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<td>105</td>
<td>4 April 2017</td>
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<td>Companies and close corporations</td>
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<td>Dividend tax</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>Estate duty (covered in TAX4862)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11</td>
<td>Estates and trusts (excluding CGT implications)</td>
</tr>
<tr>
<td>106</td>
<td>13 June 2017</td>
<td>12</td>
<td>General deduction formula (revision), special deductions and assessed losses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13</td>
<td>Capital allowances and recoupments (excluding sections 23A and 23D)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14</td>
<td>Trading stock</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Foreign exchange (Section 24I – introduction)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Financial instruments (Section 24J – introduction)</td>
</tr>
<tr>
<td>107</td>
<td>4 July 2017</td>
<td>15</td>
<td>Individuals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16</td>
<td>Fringe benefits</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Retirement benefits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17</td>
<td>Employees’ tax and provisional tax</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18</td>
<td>Tax Administration Act</td>
</tr>
<tr>
<td></td>
<td></td>
<td>19</td>
<td>Tax Avoidance (covered in TAX4862)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20</td>
<td>Tax and estate planning (covered in TAX4862)</td>
</tr>
<tr>
<td>108</td>
<td>22 August 2017</td>
<td></td>
<td>Revision and 2016 Examination paper. This tutorial letter will only be available on myUnisa.</td>
</tr>
</tbody>
</table>

The above tutorial letters will be available on myUnisa before the study week for your convenience if you want to work ahead.

The following mind map will provide you with a general understanding of the topics covered in the tutorial letters in TAX4861 (it does however include a few topics, for example tax avoidance, which will only be covered in TAX4862) and will also provide you with a basic understanding of the interaction between these topics:
Layout of tutorial letters

In each tutorial letter you will find an orientation section; a section on obtaining knowledge; and two to three sections dealing with the application of knowledge.

In each **ORIENTATION SECTION** you will be provided with the scope of the tutorial letter; the time you are required to spend on each section; the proposed working method; a weekly study programme; information relating to the case study; the lecturers that compiled the tutorial letter; and important dates including test dates.

In **SECTION A**, guidelines will be provided to assist you in obtaining the relevant knowledge while working through the textbooks. It includes background to each learning unit; the outcomes that you must achieve; detailed references to the SAICA syllabus; a work plan; the estimated time you need to spend on each activity; and information regarding the practical real life case study.

**SECTION B** contains integrated examples and is based on examinations or test papers of previous years. The goal of this section is to assist you in integrating knowledge and establishing a pattern of thinking to answer the assignment, tests and examinations.

In **SECTION C** you will find the self-assessment assignment, which you have to mark yourself. You have to assess your own knowledge.

**NOTE**: Solutions to Advanced Questions on SA Tax (included in Section C) that are not covered in the Tutorial letters, will only be provided to students on receipt of proof that the questions have been attempted.

**CASE STUDY – the Beancounter family**

We will apply the facts of the case study during the year, as a unit, as and when you master new topics.

**Information about the family will be provided**

You are doing articles at a small audit firm and you will be responsible for handling the Beancounter family’s tax affairs. The partner will supervise your work.

Barry Beancounter visits your firm on Friday, 6 January 2017. He requests the firm to take care of his family’s taxation matters. The family consists of Barry (51 years old) who is married to Bizzie (37 years old) in community of property. He has a son (Soya, 25 years old) from his previous marriage. Soya emigrated and lives in a foreign country. Jelly (Barry and Bizzie’s daughter) is ten years old.

Barry’s mother, Exotic (Ex) Beancounter, died during the year at the age of 74. Her estate is in the process of being finalised notwithstanding the fact that the Butterbean testamentary trust had already been formed. Barry wants to donate cash to the trust once the estate has been finalised. The beneficiaries of the trust are Jelly and Soya.

Bizzie (Barry’s wife) was employed by Cleaning Equipment Manufacturers (Pty) Ltd until 30 November 2016. She has resigned and wants to start her own business and has already identified suitable premises...
for her dry cleaning business. The business will be continued in her own name and she does not consider the utilisation of a Close Corporation or a private company. She does not like administrative red tape.

Barry is the managing director of Clothing Manufacturers (Pty) Ltd. Clothing Manufacturers (Pty) Ltd has been registered for VAT purposes. He also has a 10% shareholding in the company.

The audit firm does not hold the appointment as auditors, but merely provide tax advice and related services.

**Critical issues**

The following critical issues always play an important role in taxation:

- **Identify the potential taxpayers**
  - Barry
  - Bizzie
  - Soya
  - Jelly
  - Exotic
  - Deceased estate of Exotic
  - Butterbean testamentary trust
  - Clothing Manufacturers (Pty) Ltd.

- **Establish the residence of the taxpayers**
  - Everyone is ordinarily resident in the Republic except for Soya.

- **Establish the age of the taxpayers**
  - Exotic is older than 65 years and qualifies for a larger interest exemption. Exotic will qualify for the section 6A tax credit and section 6B additional medical expense tax credit. She further qualifies for the secondary rebate.

- **Establish the various taxes that might be applicable to each taxpayer**
  - All the persons mentioned above will be liable for normal tax (remember that different rules apply to non-residents)
  - Withholding taxes can be applicable since Soya is a non-resident.
  - The dry-cleaning business may have to register for VAT purposes
  - Clothing Manufacturers (Pty) Ltd has already been registered for VAT purposes.
  - Clothing Manufacturers (Pty) Ltd will be liable for dividend withholding tax on dividends declared.
  - Exotic’s estate may be liable for estate duty.
  - Any donation made by any taxpayer will be subject to donation tax except Soya, because only residents are liable for donation tax.

- **Establish the tax period**
  - Normal tax is calculated for a year or period of assessment.
  - VAT periods range from one to 12 months, depending on the category of registration.
Dividends tax is withheld when a dividend is declared (liability of the beneficial owner unless a dividend *in specie* when the company is liable) and should be paid over by the end of the month following the month during which the dividend declared is paid by the company.

- Donations tax is payable by the end of the month following the donation.
- Estate duty could be payable after the death of an individual taxpayer.

**Logical assumptions**

An example of a logical assumption in this case will be that all persons are residents of the Republic, except Soya. You can, therefore, not assume that a person is a non-resident, except if you can draw a conclusion from the facts.

**Outcomes**

### Understand the task

Barry or a family member will give you an assignment in each of the tutorial letters to follow.

### Identify the issues and analyse the information

Use the information provided in the tutorial letter to identify the issues and break the information down into smaller parts.

### Integrate

Use the information in the tutorial letter and integrate it with information to follow.

### Use professional judgement

Consider all relevant information and taxes when you have to give tax advice. You must be able to make an informed suggestion to Barry or any of his family members.

### Communicate your findings

In practice you have to leave an audit trail while in assignments, tests and examinations you have to leave a marking trail. This is the only evidence that your actions are professional and well considered.

**Screencasts**

Screencasts, covering fundamental topics or topics that students traditionally struggle to master, will be loaded under Learning Units on myUnisa. These screencasts will enhance your learning experience and should be utilised in conjunction with the topic explained in the applicable tutorial letter.
7. ASSESSMENTS

7.1 Assessment plan

It is very important to read the instructions and recommendations contained in this tutorial letter, as well as in Tutorial Letter CASALL1/301/2017. This implies that you should work hard and spent long hours on your studies right from the beginning of the year. Study the subject matter, which will be given for each assignment thoroughly, and follow the assignment instructions as set out in this tutorial letter.

7.2 Tests (Formative assessment)

7.2.1 Objectives

You must remember that you are now busy with a postgraduate course which comprises vast volumes of work. It is, therefore, not possible to start studying only a month or two before the final examination, and expect to pass. Consistent studying throughout the year will increase your chances of success in the final examination. Four tests will be written during the year in order to give you the opportunity to have your progress evaluated. Please refer to Tutorial Letter CASALL1/301/2017 for more information on the tests.

Tests must not be regarded as isolated, since all previous work may be asked again in follow-up tests. However, the test will be predominately on the work covered in the tutorial letter under review.

7.2.2 Timetable

PLEASE NOTE THAT ALL TESTS WILL BE WRITTEN ON A TUESDAY.

<table>
<thead>
<tr>
<th>Study week</th>
<th>Scope</th>
<th>Test number</th>
<th>Test date</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 – 21 February 2017</td>
<td>Tutorial Letter 103</td>
<td>Test 1</td>
<td>14 March 2017</td>
</tr>
<tr>
<td>22 February – 28 February 2017</td>
<td>Tutorial Letter 104</td>
<td></td>
<td></td>
</tr>
<tr>
<td>29 March – 4 April 2017</td>
<td>Tutorial Letter 105</td>
<td>Test 2</td>
<td>25 April 2017</td>
</tr>
<tr>
<td>7 June – 13 June 2017</td>
<td>Tutorial Letter 106</td>
<td>Test 3</td>
<td>20 June 2017</td>
</tr>
<tr>
<td>28 June – 4 July 2017</td>
<td>Tutorial Letter 107</td>
<td>Test 4</td>
<td>1 August 2017</td>
</tr>
</tbody>
</table>

Tutorial Letter 102 deals with case law and will be integrated in the relevant tutorial letters.

Refer to the specific tutorial letters for the SAICA examinable pronouncements (meaning the topics as well as the level of importance of the topics that can be tested in tests or examinations).
Below is the breakdown of the tests into time slots

Students SHOULD be seated by no later than 08:30

(Students may still be allowed to enter the test venue BY NO LATER THAN 08:45 – once the reading time commences)

<table>
<thead>
<tr>
<th>Session</th>
<th>Time</th>
<th>Activity</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIRST SESSION</strong></td>
<td>08:30 – 08:45</td>
<td>Handing out of paper 1, answer scripts and a separate “REQUIRED” section placed upside down.</td>
<td>15 minutes</td>
</tr>
<tr>
<td></td>
<td>08:45 – 09:00</td>
<td>Reading time</td>
<td></td>
</tr>
<tr>
<td></td>
<td>09:00 – 10:00</td>
<td><strong>PAPER 1: (40 marks)</strong> Advanced Management Accounting</td>
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<td></td>
<td>CTA Level 1: MAC4861/ZMA4861/NMA4861</td>
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</tr>
<tr>
<td></td>
<td>10:00 – 10:15</td>
<td>Collection of Paper 1 and handing out of Paper 2, answer scripts and a separate “REQUIRED” section placed upside down.</td>
<td></td>
</tr>
<tr>
<td><strong>SECOND SESSION</strong></td>
<td>10:15 – 10:30</td>
<td>Reading time</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10:30 – 11:30</td>
<td><strong>PAPER 2: (40 marks)</strong> Advanced Financial Accounting I</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>CTA Level 1: FAC4861/ZFA4861/NFA4861</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11:30 – 11:45</td>
<td>Collection of Paper 2 and handing out of Paper 3, answer scripts and a separate “REQUIRED” section placed upside down.</td>
<td></td>
</tr>
<tr>
<td><strong>THIRD SESSION</strong></td>
<td>11:45 – 12:00</td>
<td>Reading time</td>
<td></td>
</tr>
<tr>
<td></td>
<td>12:00 – 13:00</td>
<td><strong>PAPER 3: (40 marks)</strong> Advanced Taxation</td>
<td></td>
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<td></td>
<td></td>
<td>CTA Level 1: TAX4861/NTA4861</td>
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</tr>
<tr>
<td></td>
<td>13:00 – 13:15</td>
<td>Collection of Paper 3</td>
<td></td>
</tr>
<tr>
<td><strong>BREAK / LUNCH</strong></td>
<td>13:15 – 14:00</td>
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<tr>
<td><strong>FOURTH SESSION</strong></td>
<td>14:00 – 14:15</td>
<td>Handing out of Paper 4, answer scripts and a separate “REQUIRED” section placed upside down.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14:15 – 14:30</td>
<td>Reading time</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14:30 – 15:30</td>
<td><strong>PAPER 4: (40 marks)</strong> Advanced Auditing</td>
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<tr>
<td></td>
<td></td>
<td>CTA Level 1: AUE4861/ZAU4861/NAU4861</td>
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</tbody>
</table>
**FIFTH SESSION**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>15:45 – 16:00</td>
<td>Reading time</td>
<td></td>
</tr>
<tr>
<td>16:00 – 17:00</td>
<td>PAPER 5: (40 marks)</td>
<td>Advanced Financial Accounting II</td>
</tr>
<tr>
<td></td>
<td>CTA Level 1: FAC4862/ZFA4862/NFA4862</td>
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</tr>
<tr>
<td>17:00 – 17:15</td>
<td>Collection of Paper 5.</td>
<td></td>
</tr>
</tbody>
</table>

**Unisa test and examination rules and regulations**

The following represent a summary of the most pertinent rules and regulations:

- No candidate will be allowed to leave the venue during the **first hour** and the **final 15 minutes** of a session.
- In addition, no candidate will be allowed to enter the venue **once reading time has started**.
- You will not be allowed to keep their bags, brief cases and so forth with you during the test/examination. You will have to take your stationary, food, books and study material, which you are allowed to use in the test/examination, out your bags before the session starts.
- The university accepts no responsibility for the loss of private property at the test/examination venues.
- Students who are registered for only one or two papers have to be seated 15 minutes before reading time.

**7.2.3 Open book policy**

A limited open book approach is followed by SAICA for the Initial Test of Competence (ITC) Examination and Unisa follows a similar approach for tests and examinations.

**Permitted texts in tests and examinations**

No access to the internet shall be permitted during the tests/examinations (either by means of computers, cell phones, smart phones, tablets or any other similar technology).

Candidates will be allowed to bring only the following texts into the test/examination venue.

The three volumes of the SAICA Student Handbook

- Volume 1
- Volume 2
- Volume 3

Only ONE version of each of the above books may be brought into the examination venue, although it may be either a version published in the current year or one that was published in one of the previous years. **Note however that for Taxation we urge you to buy the latest version of Volume 3 (2016/2017) due to the many legislative amendments.**

Candidates will only be allowed to highlight, underline, side-line and flag in the permitted texts.

Writing on flags is permitted for reference and cross-referencing purposes only; that is, writing may only refer to the name or number of the relevant discipline standard, statement or section in the legislation.

Candidates may not have any loose papers in their possession (whether or not affixed to the texts that are permitted). Only properly bound standard publishers’ editions will be permitted. Photocopies, printed copies of electronic versions, loose sections or isolated pages of texts are prohibited.

Any contravention of these regulations will be considered as misconduct and shall be dealt with in terms of regulation 11 (which sets out the rules applying to misconduct).
Please refer to CASALL1/301/2017 for more information on the Open Book and Calculator Policy.

7.2.4 Administration of the tests

Please note that you will be notified of the centre at which you will be able to write the tests and it may not necessarily be the same centre where you will write the final examination. Answer books will be provided.

Your answer book will be posted to you after it has been marked. As soon as the marks are available, it will be placed on the Internet (https://my.unisa.ac.za/portal). Each question must be answered in a separate book. Please write your student number and full postal address on the cover of each answer book.

You are requested not to phone the lecturers or secretaries for your test marks, because they do not keep record of the test marks.

7.2.5 Remarking of tests

Should you be unhappy with the marking of your tests, please follow the following steps:

- Forward your original script to the following address (preferably by registered post):
  The Subject Coordinator: TAX4861/NTA4861
  Department of Financial Intelligence
  PO Box 392
  UNISA
  0003

- It is very important that you make a copy of your test script before sending the original script.

- You must include an explanation of why you would like your test to be remarked, as well as an indication of instances where you were not awarded marks according to the suggested solution (the suggested solution will be available on myUnisa).

- Please note that you have a limited period to query your test results. No test marks will be adjusted after the expiry of this period. The following dates are applicable:

<table>
<thead>
<tr>
<th>Test</th>
<th>Test date TUESDAY</th>
<th>Test remark must be requested before:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>14 March 2017</td>
<td>25 April 2017</td>
</tr>
<tr>
<td>2</td>
<td>25 April 2017</td>
<td>20 June 2017</td>
</tr>
<tr>
<td>3</td>
<td>20 June 2017</td>
<td>1 August 2017</td>
</tr>
<tr>
<td>4</td>
<td>1 August 2017</td>
<td>1 September 2017</td>
</tr>
</tbody>
</table>
Unethical conduct

In the past that students submitted tests for remarking after they had written in additional information as part of the solution. This is included in the definition of “cheating” as per the Unisa Students’ Disciplinary Code in Chapter 3, since it relates to the commission of any other fraudulent or dishonest practice whereby a student, while being examined by the university, seeks to mislead or deceive the examiner or the examination officer. **Students who are found guilty of writing additional information in tests after receiving it back will face disciplinary steps as it is unethical conduct.**

8. EXAMINATION (SUMMATIVE ASSESSMENT)

Use your *[Studies @ Unisa* brochure for general examination guidelines and examination preparation guidelines.

8.1 Examination admission

Only registered students who paid their study fees in full and have a **minimum year mark of 40% for the best three tests** during the year, will be allowed to sit for the examination.

In the interest of fairness, exam admission rules will be applied strictly and consistently to all students. No requests for exceptions will be entertained. You are therefore requested to refrain from lodging an appeal.

**PLEASE NOTE:**

There are no special tests and no tests are scheduled for cases of sickness or any unforeseen circumstances. You need to ensure that you write at least three of the four tests during the course of the year.

No sick letters or doctors notes will be accepted or considered.

You may use a non-programmable pocket calculator in the tests and examination (also refer to CASALL1/301/2017 for the Calculator Policy). However, you are reminded that you must still show all your calculations. You may lose valuable marks if the examiner cannot see your calculations and how and why you calculated it.

8.2 Examination period

You will receive a provisional examination timetable from the Examinations Department during the year. The provisional date set for your TAX4861 examination is 9 October 2017. Note that the dates may change, so consult the final timetable when it is forwarded to you. Note that this is a year course and, therefore, your examination will be during September/October 2017.

Refer to the CASALL1 300 series of the tutorial letters as well as any announcement on myUnisa that may affect your examination. Tutorial Letter 108 contains the previous year’s examination paper updated for new legislation. This tutorial letter will only be available on myUnisa.
8.3 Supplementary examinations

Supplementary examinations for the 2017 academic year will be held in **January 2018**. Prerequisites for admission to the supplementary examination in a particular module are:

- A student must have obtained exam admission and attempted the main October 2017 examination.
- A student must have obtained a minimum mark of **40%** in the particular module’s main October 2017 examination.

The supplementary exam therefore does **not** represent an additional exam opportunity for students who did not attempt the main October exam due to illness or any other reason.

**Supplementary exam candidates: re-registration requirements**

Should you **qualify for the supplementary exam** you should still, as a contingency plan, re-register for CTA Level 1, between November 2017 and early January 2018 (before the registration closing date). This will ensure that you will be able to continue with your studies in 2018 in the unfortunate event of you failing the supplementary exam(s).

The full study fees will be refunded should you pass the necessary supplementary exam(s) and thereby meet the requirements for completing this qualification.