

## **INITIAL TEST OF COMPETENCE 2015 TAXATION EXAMINABLE PRONOUNCEMENTS**

The following South African Acts will form part of the examinable legislation for taxation:

- *Income Tax Act, 1962 (Act 58 of 1962);*
- *Value-Added Tax Act, 1991 (Act 89 of 1991);*
- *Estate Duty Act, 1995 (Act 45 of 1995);*
- *Transfer Duty Act, 1949 (Act 49 of 1949);*
- *Securities Transfer Tax Act, 2007 (Act 25 of 2007); and*
- *Tax Administration Act, 2011 (Act 28 of 2011).*

The cut-off date for taxation legislation examinable in the Initial Test of Competence (ITC) for 2015 is as follows:

- Amendments promulgated by 31 December 2013\* and which are effective **on or before 1 March 2014**. In other words, all amendments effective after 1 March 2014 are not examinable (and these sections are included in grey shaded boxes underneath the corresponding existing provision in the SAICA legislation handbook 2013 / 2014).
- With regard to individuals' rates of normal tax, rebates and monetary thresholds, the monetary values as announced by the Minister of Finance in the Budget Speech of 2014 will also form part of the examinable pronouncements. These monetary values will, however, be provided by SAICA as an appendix, as these values are not incorporated in the SAICA Legislation Handbook 2013/2014.

Therefore the ITC 2015 will test individuals with a 2015 year of assessment and non-natural persons with a December 2014 year of assessment (or earlier).

*\* SAICA reserves the right to change this to a later date should the relevant legislation not be promulgated before this date*

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## 1. TOPICS EXCLUDED / DEFERRED

*The following topics will be examined at a different level in 2015 and 2016*

Section	Topic	ITC 2015 level	ITC 2016 level
<b>Tax Act</b>			
Ss 1 (GI par (d)(ii), (iii) & (m)), 10(1)(gG), (gH), (gl), 11(w) & 23(p) & 23B(5); Par 2(k) & 12C of Seventh Schedule	Insurance policies	Excluded	<b>3</b>
S 24C	Allowance in respect of future expenditure on contracts <i>(the basis for calculating the tax deduction will be provided)</i>	1	<b>3</b>
<b>VAT Act</b>			
S 51	Bodies of persons, corporate or unincorporate (other than companies)	1	<b>2</b>
S 54	Agents and auctioneers	1	<b>2</b>
<b>Securities Transfer Tax Act</b>	Inclusion of more sections are considered for ITC 2016		
<b>Tax Administration Act</b>	Inclusion of more sections are considered for ITC 2016		

<b>The following sections are excluded from ITC2015 due to the effective date being after the cut-off date:</b>			
S 23M	Limitation of interest deduction in respect of debts owed to persons not subject to tax	Excluded	Subject to review
S 23N	Limitation of interest deductions in respect of reorganisation and acquisition transactions	Excluded	Subject to review
S 50A - 50H	Withholding tax on Interest	Excluded	<b>3</b>
S 51A – 51H S 10(1)(hB)	Withholding tax on Service Fees <i>(effective date only 1/1/2016)</i>	Excluded	Excluded
Seventh Schedule  Par 1  Par 2(k) & (l) Par 12D	Changes due to the retirement benefit reform Definitions: 'defined benefit component', 'defined contribution component' and 'retirement-funding income' Taxable benefit Valuation of contributions made by employers to certain retirement funds	Excluded	<b>3</b>
<b>VAT Act</b>			
S 1	Definitions: 'cash value', 'electronic services' and 'surrender of goods'	Excluded	<b>3</b>

S 8(2G)	Relief of tax payable due to person ceasing to be a vendor	Excluded	3
S 15(2B)	Accounting basis for new registration requirements	Excluded	3
S 20(5B)	Additional requirements to provide a tax invoice	Excluded	3
S 23(1A) & (3A)	New registration requirements	Excluded	3
S 67B	Registration of motor vehicle prohibited in certain circumstances (date not fixed yet)	Excluded	1

**Broad area exclusions:**

- Business carried on in economic development areas
- Donor funded projects for VAT purposes
- Farming
- Films
- Gambling
- Government Grants
- Headquarter Companies
- Industrial Development Zones and Custom Controlled Areas (VAT)
- Operation of cable and wireless businesses
- Public Private Partnerships
- Share block companies
- Sharia compliant financing arrangements
- Ships used in international shipping
- Special economic zones and building deductions in special economic zones
- Tax implications for REITs (application of s 10(1)(k)(i)(aa) to receipts from REITs is included)
- Townships
- Turnover Tax for Micro Businesses
- Venture capital companies
- Voluntary disclosure programme

## 2. CORE LEGISLATION UNDER EXAMINATION AND LEVEL DESCRIPTION

The syllabus is principally concerned with the taxes and duties levied in terms of the following six statutes:

- The *Income Tax Act, 1962* (Act 58 of 1962);
- The *Estate Duty Act, 1955* (Act 45 of 1955);
- The *Value-Added Tax Act, 1991* (Act 89 of 1991);
- The *Transfer Duty Act, 1949* (Act 49 of 1949);
- The *Securities Transfer Tax Act, 2007* (Act 25 of 2007); and
- The *Tax Administration Act, 2011* (Act 28 of 2011).

All other taxes, duties and levies payable in terms of various statutes have been **excluded** from the syllabus, unless specifically mentioned in this document. References to the relevant Act have been inserted in the syllabus where appropriate.

Regulations, interpretation notes and binding general rulings are to be covered on the same level as the applicable provision in the Act. All binding general rulings that are not included in the SAICA Legislation Handbook will be provided as an annexure in the ITC exam.

Knowledge levels as defined in the Competency Framework are summarised as follows:

### **Level 1 (Basic)**

At this level the candidate is required to acquire a knowledge and understanding of the core/essence of the subject matter which include that the subject matter exists, the significance and relevance thereof, and its defining attributes.

Consequently the candidate is required to have a knowledge and understanding –

- of the purpose and objective of the subject matter;
- of the underlying principles / practices / legislation / requirements (hereafter “content”);
- of how the content relates to the discipline as a whole and to other disciplines (how it “fits in”); and
- that is at a broad conceptual level.

At this level, knowledge and understanding of detail, including procedural or numerical aspects specific to the subject matter, are not required.

At this level the candidate should be equipped with the extent and depth of knowledge and understanding which enable the candidate to recognise issues when encountered and to seek further depth of knowledge and understanding.

### **Level 2 (Intermediate)**

At this level the candidate is required to acquire a detailed knowledge and understanding of the central ideas and issues that comprise the substance of the subject matter.

Consequently, the candidate is required to have a knowledge and understanding –

- of those aspects of the content that are central to the subject matter, so as to achieve a sound conceptual understanding; and
- of the detail, including procedural and numerical aspects specific to the subject matter, where appropriate.

Knowledge and understanding of complexities and unusual / exceptional aspects are, however, not required.

At this level the candidate should be equipped with a sound knowledge and understanding of the substance of the subject matter to enable him/her to deal with issues and solve problems that are central to the topic. The candidate has a sound conceptual knowledge which enables him/her to further explore and understand complexities, if necessary.

This level includes the level of knowledge and understanding required for level 1 (Basic).

### ***Level 3 (Advanced)***

At this level the candidate is required to acquire a thorough knowledge and rigorous understanding of the subject matter. This level of knowledge and understanding extends beyond a sound understanding of central issues, to include complexities and unusual / exceptional aspects associated with the subject matter.

Consequently the candidate is required to have a knowledge and understanding of –

- all content that is required to develop a thorough and rigorous understanding of the subject matter;
- complexities; and
- sufficient depth to clearly locate content in the general field of accountancy (as described by competencies II–VII) and to identify implications and relationships.

At this level the candidate should be equipped with a level of knowledge and understanding of the substance of the subject matter that enables him/her to perform tasks and solve problems with a high degree of rigour, exercising sound judgement.

This level includes the level of knowledge and understanding required for level 1 (Basic) and level 2 (Intermediate).

### 3. TAX LEGISLATION

Reference to the legislation	Topics	Knowledge level
	<b>Income Tax Act</b>	
S 1(1)	Definitions	
	<p><b>Excluded</b></p> <p><i>'Banks Act'</i>  <i>'Collective Investment Schemes Control Act'</i>  <i>'Companies Act'</i>  <i>'co-operative'</i>  <i>'foreign equity instrument'</i>  <i>'foreign investment entity'</i>  <i>'foreign partnership'</i>  <i>'headquarter company'</i>  <i>'hotel keeper'</i>  <i>'insolvent estate'</i>  <i>'mining for gold'</i>  <i>'mining operations'</i>  <i>'municipality'</i>  <i>'municipal value'</i>  <i>'natural oil'</i>  <i>'neighbouring country'</i>  <i>'portfolio of a collective investment scheme'</i>  <i>'portfolio of a collective investment scheme in participation bonds'</i>  <i>'portfolio of a collective investment scheme in property'</i>  <i>'portfolio of a collective investment scheme in securities'</i>  <i>'portfolio of a declared collective investment scheme'</i>  <i>'portfolio of a hedge fund collective investment scheme'</i>  <i>'post-1973 gold mine'</i>  <i>'post-1990 gold mine'</i>  <i>'Public Private Partnership'</i>  <i>'regional electricity distributor'</i>  <i>'REIT'</i>  <i>'securities lending arrangement'</i>  <i>'water services provider'</i></p> <p><b>Will be stated / amount given</b></p> <p><i>'average exchange rate'</i>  <i>'JSE Limited Listings Requirements'</i>  <i>'listed company'</i>  <i>'listed share'</i>  <i>'living annuity'</i> (draw-down amounts will be given and it will be stated that it falls within the allowed percentages)  <i>'pension fund'</i> (approved status will be given)  <i>'pension preservation fund'</i> (approved status will be given)  <i>'permanent establishment'</i>  <i>'prescribed rate'</i>  <i>'provident fund'</i> (approved status will be given)  <i>'provident preservation fund'</i> (approved status will be given)  <i>'remuneration proxy'</i> (amount given)  <i>'retirement annuity fund'</i> (approved status will be given)  <i>'retirement date'</i> (date given)  <i>'retirement interest'</i> (amount given)</p>	

Reference to the legislation	Topics	Knowledge level
	<p><b>Level 1</b></p> <ul style="list-style-type: none"> <li>'agent'</li> <li>'date of sequestration'</li> <li>'representative taxpayer'</li> <li>'South African Revenue Service'</li> <li>'specified date'</li> <li>'specified period'</li> </ul>	
	<p><b>Level 3</b></p> <ul style="list-style-type: none"> <li>'aggregate capital gain'</li> <li>'aggregate capital loss'</li> <li>'assessed capital loss'</li> <li>'assessment'</li> <li>'beneficiary'</li> <li>'benefit fund'</li> <li>'bonus debentures or securities'</li> <li>'capital gain'</li> <li>'capital loss'</li> <li>'child'</li> <li>'close corporation'</li> <li>'Commissioner'</li> <li>'company'</li> <li>'connected person'</li> <li>'contributed tax capital' (<i>figure for 'tainted' capital in terms of previous dividend definition will be stated</i>)</li> <li>'controlled group company'</li> <li>'controlling group company'</li> <li>'controlled foreign company'</li> <li>'date of assessment'</li> <li>'depreciable asset'</li> <li>'director'</li> <li>'dividend'</li> <li>'equity share'</li> <li>'executor'</li> <li>'financial instrument'</li> <li>'financial year'</li> <li>'foreign company'</li> <li>'foreign dividend'</li> <li>'foreign return of capital'</li> <li>'functional currency'</li> <li>'gross income' (<i>excluding (j), (l) and (IA) and for 2015 also (d)(ii) &amp; (iii) and (m)</i>)</li> <li>'group of companies'</li> <li>'income'</li> <li>'low-cost residential unit'</li> <li>'IFRS'</li> <li>'lump sum benefit'</li> <li>'Minister'</li> <li>'normal retirement age'</li> <li>'person'</li> <li>'prescribed'</li> <li>'qualifying investor'</li> <li>'regulation'</li> <li>'relative'</li> </ul>	

Reference to the legislation	Topics	Knowledge level
	'Republic' 'resident' ( <i>number of days will be provided and place of effective management will be stated</i> ) 'residential unit' 'return of capital' 'retirement-funding employment' 'retirement fund lump sum benefit' 'retirement fund lump sum withdrawal benefit' 'severance benefit' 'share' 'special trust' 'spot rate' 'spouse' 'tax' 'tax benefit' 'taxable capital gain' 'taxable income' 'taxpayer' 'this Act' 'trade' 'trading stock' 'trust' 'trustee' 'withdrawal interest' 'year of assessment'	
S 2, 3, & 4A	Administration	1
S 5	Levy of normal tax and rates thereof 5(1) 5(2) 5(7) 5(9) 5(10)	3 3 3 <i>Excluded</i> <i>Excluded</i>
S 6	Normal tax rebates (amounts will be provided for the relevant tax year)	3
S 6(5)	<i>SITE</i>	<i>Excluded</i>
S 6A	Medical scheme fees tax credit	3
S 6B	Additional medical expenses tax credit	3
S 6 <i>quat</i>	Rebate or deduction in respect of foreign taxes on income ( <i>amount of foreign tax will be provided</i> )	2
S 6 <i>quin</i>	Rebate in respect of foreign taxes on income from source within Republic	2
S 7	When income is deemed to have accrued or to have been received 7(1) to 7(10) 7(11) – <i>post 1 March 2009 divorces only</i>	3 2
S 7A	Date of receipt or accrual of antedated salaries or pensions and of certain retirement gratuities 7A(1) & (2) 7A(3) <i>Citizen force / commandos</i>	1 <i>Excluded</i>
S 7B	Timing of accrual and incurral of variable remuneration	3



Reference to the legislation	Topics	Knowledge level
S 10	Exemptions: 10(1) ( <i>unless listed below</i> ) (iB), (IA) (a), (bA) (c), (cA), (cE), (cG), (cN), (cO), (cP) & (d) (e), (gE), (gG), (gH), (h), (hA), (j), (k)(i)(dd-ii), (r), (t) (yA), (zE), (zI) & (zJ) 10(2) 10(3)	3 2 1 <i>Excluded</i> <i>Excluded</i> 3 1
S 10A	Exemption of capital element of purchased annuities ( <i>capital element will be given</i> )	1
S 10B	Exemption of foreign dividends and dividends paid or declared by headquarter companies 10B(2)(c) ( <i>amount given</i> ) & 10B(5) 10B(2)(b) & 10B(4)	3  1 <i>Excluded</i>
S 10C	Exemption of non-deductible element of compulsory annuities	3
S 11	General deductions allowed in determination of taxable income – unless listed below	3
S 11(e)	<i>Write-off periods (as in Interpretation Note 47) will be given</i>	3
S 11(f)(v)	<i>Pipe line, transmission line or cable or railway line</i>	<i>Excluded</i>
Ss 11(gA) & (gD),	<i>Acquisition and registration of intellectual property before 1 January 2004 and acquisition of certain licences</i>	<i>Excluded</i>
S 11(h)	Application of principle ( <i>amount will be given</i> )	1
S 11(hB)	<i>Mining and Petroleum Resources Development</i>	<i>Excluded</i>
S 11(j)	Doubtful debts allowance ( <i>Amount that Commissioner considers to be doubtful will be given</i> )	3
S 11(IA)	Broad-based employee share plans	2
S 11(w)	<i>Insurance of employees and directors</i>	<i>Excluded</i>
S 11A	Deductions in respect of expenditure and losses incurred prior to commencement of trade	3
S 11D	<i>Deductions in respect of scientific or technological research and development</i>	<i>Excluded</i>
S 11E	<i>Deduction of certain expenditure incurred by sporting bodies</i>	<i>Excluded</i>
S 11sex	<i>Deduction of compensation for railway operating losses</i>	<i>Excluded</i>
S 12B	Deduction in respect of certain machinery, plant, implements, utensils and articles used in farming or production of renewable energy 12B(1)(f)	2  <i>Excluded</i>
S 12C	Deduction in respect of assets used by manufacturers or hotelkeepers and in respect of aircraft and ships, and in respect of assets used for storage and packing of agricultural products ( <i>Information will be provided as to whether a particular process is a manufacturing process or similar thereto</i> )	3
S 12D	<i>Deduction in respect of certain pipelines, transmission lines and railway lines</i>	<i>Excluded</i>
S 12DA	<i>Deduction in respect of rolling stock</i>	<i>Excluded</i>
S 12E	Deductions in respect of small business corporations and amendments ( <i>Information will be provided as to whether a particular process is a manufacturing process or similar thereto</i> )	3

Reference to the legislation	Topics	Knowledge level
S 12F	<i>Deduction in respect of airport and port assets</i>	<i>Excluded</i>
S 12H	Additional deduction in respect of learnership agreements (“registered learnership agreement” and date of registration will be given)	3
S 12I	<i>Additional investment and training allowances in respect of industrial policy projects</i>	<i>Excluded</i>
S 12J	<i>Deductions in respect of expenditure incurred in exchange for issue of venture capital company shares</i>	<i>Excluded</i>
S 12K	<i>Exemption of certified emission reductions</i>	<i>Excluded</i>
S 12L	<i>Allowance for energy efficiency savings</i>	<i>Excluded</i>
S 12M	Deduction of medical lump sum payments ( <i>information regarding the mortality risk will be provided</i> )	2
S 12N	Deductions in respect of improvements not owned by taxpayer ( <i>excluding Public Private Partnerships and Independent Power Producer Procurement Programme</i> )	3
S 12O	<i>Exemption in respect of films</i>	<i>Excluded</i>
S 12P	<i>Exemption of amounts received or accrued in respect of government</i>	<i>Excluded</i>
S 12Q	<i>Exemption of income in respect of ships used in international shipping</i>	<i>Excluded</i>
S 12R	<i>Special economic zones</i>	<i>Excluded</i>
S 12S	<i>Deductions in respect of buildings in special economic zones</i>	<i>Excluded</i>
S 13	Deductions in respect of buildings used in a process of manufacture ( <i>Tax value and allowances of buildings erected prior to 1 January 1989 will be provided</i> ) 13(8)	3 <i>Excluded</i>
S 13bis	<i>Deductions in respect of buildings used by hotel keepers</i>	<i>Excluded</i>
S 13ter	<i>Deductions in respect of residential buildings</i>	<i>Excluded</i>
S 13quat	<i>Deductions in respect of erection or improvement of buildings in urban development zones</i>	<i>Excluded</i>
S 13quin	Deduction in respect of commercial buildings	3
S 13sex	Deduction in respect of certain residential units	3
S 13sept	Deduction in respect of sale of low-cost residential units on loan account	3
S 15	<i>Deductions from income derived from mining operations</i>	<i>Excluded</i>
S 15A	<i>Amounts to be taken into account in respect of trading stock derived from mining operations</i>	<i>Excluded</i>
S 17A	<i>Expenditure incurred by a lessor of land let for farming purposes, in respect of soil erosion works</i>	<i>Excluded</i>
S18A(1), (3), (3A) & (3B) Rest of section	Deduction of donations to certain organisations (It will be stated that receipt was obtained.) <i>excl. references to collective investment schemes</i>	3 <i>Excluded</i>
S 19	Reduction or cancellation of debt	3
S 20	Set-off of assessed losses	3
S 20A	Ring-fencing of assessed losses of certain trades	3
S 20B	Limitation of losses from disposal of certain assets	3
S 20C	<i>Ring-fencing of interest incurred by headquarter co.</i>	<i>Excluded</i>
S 21	<i>Deduction of alimony, allowance or maintenance</i>	<i>Excluded</i>
S 22	Amounts to be taken into account in respect of values of trading stocks – other than listed below	3
S 22(1A),(2A),(3A), (4A),(5A) & (9)	<i>Materials used in the improvement of fixed property</i>	<i>Excluded</i>



Reference to the legislation	Topics	Knowledge level
S 24JA	<i>Sharia compliant financing arrangement</i>	<i>Excluded</i>
S 24JB	<i>Fair value taxation in respect of financial instruments</i>	<i>Excluded</i>
S 24K	<i>Incurral and accrual of amounts in respect of interest rate agreements</i>	<i>Excluded</i>
S 24L	<i>Incurral and accrual of amounts in respect of option contracts</i>	<i>Excluded</i>
S 24M	Incurral and accrual of amounts in respect of assets acquired or disposed of for unquantified amount	3
S 24N	<i>Incurral and accrual of amounts in respect of disposal or acquisition of equity shares</i>	<i>Excluded</i>
S 24O	<i>Incurral and accrual in terms of certain debts deemed to be in production of income</i>	<i>Excluded</i>
S 25	Income of beneficiaries and estates of deceased persons	3
S 25A	<i>Determination of taxable incomes of permanently separated spouses</i>	<i>Excluded</i>
S 25B	Income of trusts and beneficiaries of trusts ( <i>identity of trust income and the distribution account reflecting the distribution ratio based on the identity of the source of the distributions will be given</i> )	3
S 25BA	Amounts received by or accrued to portfolios of collective investment schemes in securities and holders of participatory interests in portfolios ( <i>date of distribution within 12 months will be provided</i> )	2
S 25BB	<i>Taxation of REITs</i>	<i>Excluded</i>
S 25C	<i>Income of insolvent estates</i>	<i>Excluded</i>
S 25D S 25D(2A),(4),(5) & (6)	Determination of taxable income in foreign currency <i>Official rate of inflation is 100% or more, Headquarter company, Domestic treasury company, International shipping company</i>	3 <i>Excluded</i>
S 26	<i>Determination of taxable income derived from farming</i>	<i>Excluded</i>
S 26A	Inclusion of taxable capital gain in taxable income	3
S 26B	<i>Taxation of oil and gas companies</i>	<i>Excluded</i>
S 27	<i>Determination of taxable income of co-operative societies and companies</i>	<i>Excluded</i>
S 28	<i>Determination of taxable income from insurance business</i>	<i>Excluded</i>
S 29A	<i>Taxation of long-term insurers</i>	<i>Excluded</i>
S 29B	<i>Mark-to-market taxation in respect of long-term insurers</i>	<i>Excluded</i>
S 30	<i>Public benefit organisations</i>	<i>Excluded</i>
S 30A	<i>Recreational clubs</i>	<i>Excluded</i>
S 30B	<i>Associations</i>	<i>Excluded</i>
S 31	Taxable income in respect of international transactions to be based on arm's length principle ( <i>headquarter company excluded</i> )	1
S 31(7)	Arm's length terms and conditions will be given <i>Effective from 1 April 2014</i>	<i>Excluded</i>
S 33	<i>Assessment of owners or charterers of ships or aircraft who are not residents of the Republic</i>	<i>Excluded</i>
S 35A	Withholding of amounts from payments to non-resident sellers of immovable property	2
S 36	<i>Calculation of redemption allowance and unredeemed balance of capital expenditure in connection with mining operations</i>	<i>Excluded</i>
S 37	<i>Calculation of capital expenditure on sale, transfer, lease or cession of mining property</i>	<i>Excluded</i>

Reference to the legislation	Topics	Knowledge level
S 37A	<i>Closure rehabilitation company or trust</i>	<i>Excluded</i>
S 37B	<i>Deductions in respect of environmental expenditure</i>	<i>Excluded</i>
S 37C	<i>Deductions in respect of environmental conservation and maintenance</i>	<i>Excluded</i>
S 37F	<i>Determination of taxable income derived by persons previously assessable under certain other laws</i>	<i>Excluded</i>
S 37G	<i>Determination of taxable income derived from small business undertakings</i>	<i>Excluded</i>
S 37L – 37O	<i>Withholding tax on interest</i>	<i>Excluded</i>
S 38	<i>Classification of companies</i>	<i>Excluded</i>
S 39	<i>Redetermination of company's status</i>	<i>Excluded</i>
S 40A	<i>Close corporations</i>	<i>Excluded</i>
S 40B	<i>Conversion of co-operative to company</i>	<i>Excluded</i>
S 40C	Distribution and issue of shares or options for no consideration	3
S 40CA	Acquisition of assets in exchange for shares or debt issued	3
S 40D	<i>Communications licence conversions</i>	<i>Excluded</i>
S 41	General	1
S 42	Asset-for-share transactions (excluding foreign re-organisations) Anti-avoidance aspects	2 1
S 43	<i>Substitutive share-for-share transactions</i>	<i>Excluded</i>
S 44	<i>Amalgamation transactions</i>	<i>Excluded</i>
S 45	Intra-group transactions (excluding foreign re-organisations) Anti-avoidance aspects	2 1
S 46	<i>Unbundling transactions</i>	<i>Excluded</i>
S 46A	<i>Limitations of expenditure incurred in respect of shares held in an unbundling company</i>	<i>Excluded</i>
S 47	Transactions relating to liquidation, winding-up and deregistration (excluding foreign re-organisations) Anti-avoidance aspects	2 1
S 47A – 47K	Withholding tax on entertainers and sportspersons	2
S 48 – 48C	<i>Turnover Tax for micro business</i>	<i>Excluded</i>
S 49A – 49G	Withholding tax on royalties	3
S 50A – 50H	<i>Withholding tax on interest</i>	<i>Excluded</i>
S 51A – 51H	<i>Withholding tax on service fees</i>	<i>Excluded</i>
S 54	Levy of donations tax	3
S 55	Definitions for purposes of this Part	3
S 56	Exemptions	3
S 57	Donations by a body corporate at the instance of any person	3
S 57A	Donations by spouse married in community of property	3
S 58	Property disposed of under certain transactions deemed to have been disposed of under a donation	3
S 59	Persons liable for the tax	3
S 60	Payment and assessment of the tax	3
S 61	Extension of scope of certain provisions of Act for purposes of donations tax	3

Reference to the legislation	Topics	Knowledge level
S 62 S 62(1)(a) – (c)	Value of property disposed of under donations <i>(value of limited interests in property will be given based on different life expectancies or fixed period and candidates should select relevant amount based on application of provisos)</i>	1
S 64	Rate of donations tax	3
S 64B	Levy and recovery of secondary tax on companies	Excluded
S 64C	Certain amounts distributed deemed to be dividends	Excluded
S 64D	Definitions <i>(It will be stated that an entity is a 'regulated intermediary')</i>	3
S 64E	Levy of tax	2
S 64EA	Liability for tax	2
S 64EB	Deemed beneficial owners of dividends	Excluded
S 64F	Exemptions from tax	2
S 64FA	Exemption from and reduction of tax in respect of dividends in specie	2
S 64G	Withholding of dividend tax by companies declaring and paying dividends	2
S 64H	Withholding of tax by regulated intermediaries	2
S 64I	Withholding of dividends by insurers	Excluded
S 64J	STC credits <i>(balance on 1 April 2012 will be provided)</i>	2
S 64K	Payment and recovery of tax	1
S 64L	Refund of tax in respect of dividends declared and paid by the companies	1
S 64M	Refund of tax in respect of dividends paid by regulated intermediaries	1
S 64N	Rebate in respect of foreign taxes on dividends	3
<b>Chapter III General provisions</b>		
Ss 66 – 72A	Part I Returns	Excluded
Part IIA		
S 80A	Impermissible tax avoidance arrangements	3
S 80B	Tax consequences of impermissible tax avoidance	3
S 80C	Lack of commercial substance <i>(it will be stated whether or not a transaction lacks commercial substance)</i>	1
S 80D	Round trip financing <i>(it will be stated whether or not round trip financing is applicable)</i>	1
S 80E	Accommodating or tax-indifferent parties	1
S 80F	Treatment of connected persons and accommodating or tax-indifferent parties	1
S 80G	Presumption of purpose	3
S 80H	Application to steps in or parts of an arrangement	1
S 80I	Use in the alternative	1
S 80J	Notice	1
S 80K	Interest	3
S 80L	Definitions	3
Ss 89 - 91	Part IV: Payment and Recovery of Tax	Excluded
Part VI: Miscellaneous		
S 102	Refunds and set off	Excluded
S 103(2) & (4)	Transactions, operations or schemes for purposes of avoiding or postponing liability for or reducing amounts of taxes on income	3
S 103(5)		1
S 107	Regulations	Excluded

Reference to the legislation	Topics	Knowledge level
S 108	Prevention of or relief from double taxation	1
<i>First Schedule</i>	<i>Computation of taxable income derived from pastoral, agricultural or other farming operations</i>	<i>Excluded</i>
Second Schedule	Computation of gross income derived by way of lump-sum benefits ( <i>new definition</i> )	3
	Divorce ( <i>only post 1 March 2009</i> )	2
Fourth Schedule	Amounts to be deducted or withheld by employers and provisional payments in respect of normal tax and provincial taxes	
Part I Part II <i>Par. IIB</i>	Definitions	3
Part III	Employees' tax	2
	<i>Standard Income Tax on Employees</i>	<i>Excluded</i>
	Provisional tax	2
<i>Sixth Schedule</i>	<i>Determination of turnover tax payable by micro businesses</i>	<i>Excluded</i>
Seventh Schedule	Benefits or advantages derived by reason of employment or the holding of any office ( <i>repo rate will be given</i> )	3
	<i>Par 2(k) &amp; 12C</i>	<i>Excluded</i>
Eighth Schedule	Determination of taxable capital gains and assessed capital losses – unless specifically listed below	3
<i>Par 1</i>	<i>"value shifting arrangement" - definition and application</i>	<i>Excluded</i>
Par. 19	Losses on the disposal of certain shares	2
<i>Par. 20A</i>	<i>Provisions relating to farming development expenditure</i>	<i>Excluded</i>
Par. 22	Amounts of donations tax to be included in base cost	2
<i>Par. 23</i>	<i>Base cost in respect of a value shifting arrangement</i>	<i>Excluded</i>
Par. 24	Base cost of an asset of a person who becomes a resident on or after valuation date	1
<i>Par. 25(2) &amp; (3)</i>	<i>Redetermination of base cost</i>	<i>Excluded</i>
<i>Par. 28 &amp; 29</i>	<i>Market values will be given</i>	<i>Excluded</i>
<i>Par. 30</i>	<i>Time-apportionment base cost (amount will be given, but integration with other paragraphs stays very important)</i>	3
<i>Par. 31</i>	<i>Market values will be given</i>	<i>Excluded</i>
Par. 34, 36, 37, 41 & 42		1
<i>Par. 35A</i>	<i>Disposal of certain debt claims</i>	<i>Excluded</i>
Par. 39A	Disposal for an asset for unaccrued amounts of proceeds	2
Par. 43	Assets disposed of or acquired in foreign currency ( <i>exclude headquarter, international shipping companies and domestic treasury companies</i> )	2
<i>Par. 43A</i>	<i>Dividends treated as proceeds on disposal of certain shares</i>	<i>Excluded</i>
<i>Par. 43B</i>	<i>Base cost of assets of controlled foreign companies</i>	<i>Excluded</i>
Par. 46–50	Primary residence exclusion	2
<i>Par. 51</i>	<i>Transfer of residence from company or trust</i>	<i>Excluded</i>
<i>Par. 51A</i>	<i>Disposal of residence by company or trust and liquidation, winding up, deregistration or revocation of company or trust</i>	<i>Excluded</i>
Par. 57–63	Exclusions	2
<i>Par. 63A &amp; 64</i>	<i>PBO's and assets used to produce exempt income</i>	<i>Excluded</i>
Par. 64A	Awards in terms of the Restitution of Land Rights Act and government scrapping payments	1
Par. 64B(1)	Disposal of interest in equity share capital of foreign company	3
<i>Rest of par 64B</i>		<i>Excluded</i>

Reference to the legislation	Topics	Knowledge level
<i>Par 65B</i>	<i>Disposals by recreational clubs</i>	<i>Excluded</i>
<i>Par 67B, C &amp; D</i>	<i>Share block companies, Mineral rights and Communications Licences</i>	<i>Excluded</i>
<i>Par 76 and 76A</i>	<i>Return of capital prior to 1 April 2012 (except for par 76(4) that applies to distributions on/after 1 April 2012)</i>	<i>Excluded</i>
<i>Par. 83</i>	<i>Insolvent estate of a person</i>	<i>Excluded</i>
<i>Ninth Schedule</i>	<i>Public benefit activities</i>	<i>Excluded</i>
<i>Tenth Schedule</i>	<i>Oil and gas activities</i>	<i>Excluded</i>
<i>Eleventh Schedule</i>	<i>Government grants exempt from normal tax</i>	<i>Excluded</i>
<b>Value-Added Tax Act</b>		
S 1	Definitions <i>Lloyds, road accident fund, constitutional institution, , customs controlled area, customs controlled area enterprise, designated entity, inbound and tax free shop, Industrial Development Zone (IDZ), Industrial Development Zone operator</i> Biometrical information	3 <i>Excluded</i>  1
S 2	Financial services Debt security (c), provision of credit (f) & issue, allotment or transfer of ownership of an equity security (d)	1 3
S 3	Determination of 'open market value'	3
<i>Ss 4 - 6</i>	<i>Administration</i>	<i>Excluded</i>
S 7	Imposition of value-added tax	3
S 8	Certain supplies of goods or services deemed to be made or not made	3
S 8(1), (4)-(7) S 8(15) Ss 8(17)–8(26) S 8(2A) & (2G)		1 2 1 <i>Excluded</i>
<i>S 8A</i>	<i>Sharia compliant financing arrangements</i>	<i>Excluded</i>
S 9 Ss 9(1) & 9(2) Ss 9(3)(a) & 9(3)(c) S 9(5)	Time of supply	1 2 3 3
S 10 S 10(1) & (3) S 10(8), (11), (12), (14) – (20), (22) – (25)	Value of supply of goods or services	3 2 1
S 11 S 11(1)	Zero rating All sub-sections of section 11(1) not specifically referred to or excluded below are examinable at level 1 Except for: • Principle • Exports (a) • Going concern (e) • Fuel levy (h) Sub-sections (b), (c), (d), (f), (hA), (m), (mA), (n), (r), (s), (t), (u), (v)	1  3 2 3 3 <i>Excluded</i>

Reference to the legislation	Topics	Knowledge level
S 11(2)	All the sub-sections of section 11(2) not specifically referred to or excluded below are examinable at level 1 Except for:	
	• Export-related services (a)-(d) & (k)	2
	• Services to non-residents (l)	3
S 11(3)	Sub-sections (n), (q), (s), (t), (u), (v), (x)	Excluded 1
S 12	Exempt supplies All sub-sections of section 12 not specifically excluded below are examinable	1
	• Principle	3
	• Financial services (a)	3
	• Residential accommodation in a dwelling (c)	3
	• Transport (g)	3
	Sub-sections (d), (e), (f), (k), (l) & (m)	Excluded
S 13	Collection of tax on importation of goods, determination of value thereof and exemptions from tax	2
S13(2A)	Customs and Excise warehouse	Excluded
S 14	Collection of value-added tax on imported services, determination of value thereof and exemptions from tax	2
S 15	Accounting basis	3
S 15(2B)	(effective from 1 April 2014)	Excluded
S 16	Calculation of tax payable	3
S 17	Permissible deductions in respect of input tax	3
S 18	Change in use adjustments (excluding turnover tax provisions and s 18(10))	3
S 18A	Adjustments in consequence of acquisition of going concern wholly or partly for purposes other than making taxable supplies	3
S 18B	Temporary letting of residential fixed property	3
S 19	Goods or services acquired before incorporation	1
S 20	Tax invoices	3
S 20(5B)	(effective from 1 April 2014)	Excluded
S 21	Credit and debit notes	3
S 22	Irrecoverable debts	3
S 23	Registration of persons making supplies in the course of Enterprises	3
S 23(1A)	(effective from 1 April 2014)	Excluded
S 23(3A)	Biometrical information	Excluded
S 24	Cancellation of registration	3
S 25	Vendor to notify change of status	3
S 26	Liabilities not affected by person ceasing to be vendor	3
Part IV Returns, Payments and Assessments		
S 27	Tax period (category will be given)	1
S 28 & 29	Returns and payments of tax; Special returns	Excluded
S 31	Assessments	Excluded
Part V Objections and Appeals		
S 32	Objections to certain decisions or assessments	3
Ss 38 – 45A	Part VI Payment, Recovery and Refund of Tax	Excluded
S 46	Part VII Representative Vendors	Excluded

Reference to the legislation	Topics	Knowledge level
	Part VIII Special Provisions	
S 50	Separate enterprises, branches and divisions	2
S 50A	Separate persons carrying on same enterprise under certain circumstances deemed to be single person	2
S 51	Bodies of persons, corporate or un-incorporate (other than companies)	1
S 52	<i>Pooling arrangements</i>	<i>Excluded</i>
S 53	<i>Death or insolvency of vendor</i>	<i>Excluded</i>
S 54	Agents and auctioneers	1
Ss 55 - 61	<i>Part IX Compliance</i>	<i>Excluded</i>
Ss 64 - 87	<i>Part X Miscellaneous</i>	<i>Excluded</i>
	Except: S73: Schemes for obtaining undue tax benefits	3
Schedule 1	Exemption: Certain goods imported into the Republic	1
Schedule 2 (Part A and B)	Zero rate: Supply of goods used or consumed for agricultural, pastoral or other farming purposes and supply of goods consisting of certain foodstuffs	1
	<b>Estate Duty Act</b>	
S 1	Definitions	3
S 2	Levy of estate duty	3
S 3	What constitutes an estate	3
S 4	Net value of an estate	3
S 4A	Dutiable amount of an estate	3
S 5	Determination of value of property (Value of limited interests in property will be given based on different life expectancies or fixed period and candidates should select relevant amount based on application of provisos)	1
Ss 6 - 32	<i>Administrative provisions</i>	<i>Excluded</i>
	Except for:	
S 11	Person liable for duty	1
S 13	Right of recovery by executor	1
S 15	Recovery of duty paid in certain cases	1
S 16(c)	Deduction of foreign death duties	1
S 20	Expenditure incurred by executor	1
First Schedule	Rate of estate duty	1
Second schedule	<i>Laws repealed</i>	<i>Excluded</i>
	<b>Transfer Duty Act – only the listed sections</b>	
S 2(1)(b)	Imposition of Transfer Duty ( <i>value will be given</i> )	2
Ss 9(15) & 9(15A)	No duty if transaction is a taxable supply (VAT) or asset-for-share transaction as contemplated in s42	3
	<b>Securities Transfer Tax Act – only the listed section</b>	
S 2	Imposition of tax ( <i>the taxable amount will be given</i> )	2
	<b>Tax Administration Act – only the listed sections</b>	
S 1	“business day”	3
S 102	Burden of proof	3
S 104	Objection against assessment or decision	3
S 164	Payment of tax pending objection or appeal	1
S 208 – 220	Chapter 15: Administrative non-compliance penalties	1
S 221 – 224	Chapter 16: Understatement penalty	1
S 239 - 243	Chapter 18: Registration of Tax Practitioners and Reporting of Unprofessional Conduct	1

#### 4. IMPORTANT COURT DECISIONS

The list will primarily include Supreme Court Cases. It is up to each academic to decide which additional cases will be used as teaching aids.

Please note the following:

A mark will be allocated in the exam for stating the correct principles of important cases (e.g. 1 mark) and a mark will be awarded for the correct name of the case (e.g. 2 marks in total).

Relevant to	Words or phrase considered	Name of the court case
Definition of gross income	Resident	Cohen v CIR CIR v Kuttel
Definition of gross income	Amount	CSARS v Brummeria CIR v Butcher Bros (Pty) Ltd CIR v Lategan
Definition of gross income	'from a source within ... the Republic'	CIR v Lever Brothers and Unilever Ltd
Definition of gross income	accrued to	CIR v People's Stores (Walvis Bay) (Pty) Ltd CIR v Witwatersrand Association of Racing Clubs Mooi v SIR
Definition of gross income	received by	Geldenhuis v Commissioner for Inland Revenue MP Finance Group CC (In Liquidation) v C:SARS Pyott Ltd v CIR
Definition of gross income	of a capital nature – intention	Elandsheuwel Farming (Edms) Bpk v SBI CIR v Richmond COT Southern Rhodesia v Levy
Definition of gross income	of a capital nature – scheme of profit-making	CIR v Pick 'n Pay Employee share purchase trust
Definition of gross income	of a capital nature – mixed or dual intention	CIR v Stott CIR v Nel
Definition of gross income	of a capital nature – change in intention	CIR v Nussbaum Natal Estates Ltd v SIR Berea West Estates (Pty) Ltd v SIR C:SARS v Founders Hill (Pty) Ltd (SCA) John Bell v SIR
Definition of gross income	of a capital nature – the nature of the 'asset'	CIR v Visser CIR v George Forrest Timber CIR v Nel
Definition of gross income	Damages and compensation	(WJ) Fourie Beleggings v C:SARS ZASCA 37 (31 March 2009) Stellenbosch Farmers' Winery Limited v C:SARS (25 May 2012)
Definition of gross income	the legality or otherwise of the business productive of Income	CIR v Delagoa Bay Cigarette Co Ltd MP Finance Group CC (in liquidation) v C:SARS
Special inclusion - definition of gross income	Annuity	KBI en 'n Ander v Hogan
	In respect of services rendered	Stevens v C:SARS [2006] SCA 145 (RSA)
Deductions – section 11(a)	The requirements of section 11(a) in general and then if income must be earned in the same year	Sub-Nigel Ltd v CIR

Relevant to	Words or phrase considered	Name of the court case
Deductions – section 11(a)	carrying on a trade	Burgess v CIR
Deductions – section 11(a)	in the production of income	Port Elizabeth Electric Tramway Co Ltd v CIR Joffe & Co (Pty) Ltd v CIR C:SARS v BP South Africa (Pty) Ptd BPSA (Pty) Ltd v C SARS CIR v Drakensberg Gardens Hotel (Pty) Ltd Provider v COT <b>CSARS v Mobile Telephone Networks Holdings (Pty) Ltd (7 March 2014)</b>
Deductions – section 11(a)	dual purpose	CIR v Nemojin (Pty) Ltd
Deductions – section 11(a)	Expenditure actually incurred	Edgars Stores Ltd v CIR Nasionale Pers Bpk v KBI CIR v Golden Dumps (Pty) Ltd C:SARS v Labat (2011 SCA)
Deductions – section 11(a)	not of a capital nature	New State Areas Ltd v CIR Rand Mines (Mining & Services) Ltd v CIR BPSA (Pty) Ltd v C:SARS [2007] SCA 7 (RSA)
Deductions – section 11(d)	Repair	Flemming v KBI CIR v African Products Manufacturing Co Ltd
Trading stock	Definition and section 22	Ernst Bester Trust v C:SARS Eveready (Pty) Ltd
Section 23(g)		Warner Lambert SA (Pty) Ltd v C:SARS
Section 20		SA Bazaars (Pty) Ltd v CIR Robin Consolidated Industries v CIR
Section 7		C:SARS v Woulidge (both the 2000 and 2002 decisions)
	Simulated transaction	Erf 3183-1 Ladysmith (Pty) Ltd and another v CIR C:SARS v NWK
VAT	Recoveries	C:SARS v British Airways PLC
VAT	Zero-rated services	C:SARS v Stellenbosch Farmers' Winery Limited (25 May 2012)
VAT	Imported services, enterprise and input tax	De Beers (74 SATC 330)

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