



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES & EDUCATION**

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

<b>QUALIFICATION : BACHELOR OF ACCOUNTING (CHARTERED ACCOUNTANCY)</b>	
<b>QUALIFICATION CODE: 07BACC</b>	<b>LEVEL: 6</b>
<b>COURSE: TAXATION 201</b>	<b>COURSE CODE: TAX601Y</b>
<b>DATE: DECEMBER 2025</b>	<b>SESSION: THEORY &amp; CALCULATIONS</b>
<b>DURATION: 150 MINUTES</b>	<b>MARKS: 100</b>

**ASSESSMENT 6 – SECOND OPPORTUNITY EXAMINATION**

<b>EXAMINER:</b>	Mr I-K. Kenaruzo
<b>MODERATOR:</b>	Mrs Y. van Wyk

**INSTRUCTIONS TO CANDIDATES**

1. This paper consists of 11 pages (including cover page and appendices).
2. You are reminded that answers may **NOT** be written in pencil. **NO** tippex may be used.
3. The marks shown against the requirement(s) for every question should be regarded as an indication of the expected length and depth of your answer.
4. Answer the questions by the use of:
  - Effective structure and presentation; clear explanations.
  - Logical arguments; and clear and concise language.
5. Show all calculations clearly. **Round off calculated amounts to the nearest NAD/ZAR.**

Question	Mark(s)	Time allocated (minutes)	Legislation
1	76	114	South African Taxation
2	24	36	Namibian Taxation
<b>Total</b>	<b>100</b>	<b>150</b>	

## QUESTION 1

76 MARKS

**ALL AMOUNTS EXCLUDE VAT UNLESS STATED OTHERWISE OR THE CONTRARY IS APPARENT FROM THE WORDING.**

You are a chartered accountant working in the tax department of a medium-sized consulting firm. You have received the following tax queries from clients. The queries received are from clients independent of each other unless otherwise indicated.

### Client 1: Hogwatts (Pty) Ltd

Hogwatts (Pty) Ltd ('Hogwatts') is a company that manufactures and sells candles. It started off as an informal business in 2003 where the sole owner, Dora Dumble, was inspired to make and sell candles after she received praise from making candles for an Easter service hosted by her community church.

The candles are manufactured with normal or custom designs. Hogwatts sells these candles to both a South African and international market. Hogwatts is a registered category A VAT vendor and makes taxable supplies in excess of 95%. You can assume that the company is in possession of all valid documents required. Hogwatts' financial year end is 31 July. Hogwatts is not a 'small business corporation' as defined in section 12E. Hogwatts also has a small investment portfolio that consists of shares and a property.

The manufacturing of candles is considered to be a process of manufacture by the South African Revenue Service (SARS). Profit before tax for the financial year ended 31 July 2025 was calculated as **R924 205 after** taking the following into account:

#### 1. Sales

Hogwatts made sales during the 2025 financial year which was correctly included in profit before tax at an amount of R2 300 000 and consists of the following:

- Local sales of R1 760 000.
- Foreign sales (candles exported by Hogwatts to foreign customers) of R540 000 (correctly converted to Rands).

#### 2. Cost of sales and other expenses

Cost of sales and other expenses consist of the following:

- Opening stock (1 August 2024), amounting to R185 600.
- Closing stock (31 July 2025) amounting to R46 780.
- Purchases amounting to R460 875, which consists of:
  - Local purchases from registered VAT vendors, amounting to R253 481.
  - The balance is from non-registered VAT vendors

- Hogwatts paid factory employees and office employees total monthly salaries of R19 000 and R29 000 respectively. These employees were employed by Hogwatts for its entire 2025 year of assessment and there were no increases in their salaries during the year of assessment.
- Depreciation for the current year (in respect of old and new assets) amounted to R768 250.
- Depreciation indicated above includes depreciation on the following assets Hogwatts acquired during the financial year ended 31 July 2025:
  - On 1 August 2024, Hogwatts purchased a second-hand candle manufacturing machine from a non-VAT vendor for R450 000. The machine was transported from the seller's premises in Johannesburg to Hogwatts's factory on 1 August 2024, at the expense of the seller, and was brought into use on the same day.
  - On 1 June 2025, Hogwatts purchased a new and unused Volkswagen Crafter Van (delivery van – not a 'motor car' as defined) from a motor car dealer. The van will be used to deliver orders to customers and will be brought into use immediately. The cost of the new delivery van amounted to R817 000. This delivery van was a replacement for a previous van that was disposed of earlier this year (please refer to the bullet point below for further information).
- Depreciation included above includes depreciation on the following assets Hogwatts acquired during previous financial years:
  - Hogwatts purchased a new and unused medium-sized factory building for the cost of R934 000. It was purchased on 31 October 2022 and brought into use on the same day.
  - Hogwatts purchased a medium-sized office space from a property-developer for Hogwatts to conduct their administration activities. The building was purchased new and unused at total cost of R670 000. It was purchased on 1 September 2023 and brought into use on the same day.
  - Hogwatts sold an old delivery van, a 2023 Hyundai H-1 (delivery van – not a 'motor car' as defined), which was purchased new and unused by Hogwatts on 31 March 2023 at cost of R359 000 and was brought into use on 1 April 2023. Hogwatts sold it to an unrelated third party (non-VAT vendor) for R385 000 on 1 November 2024.
- Fuel costs relating to deliveries made with the delivery van amounted to R45 100.
- Hogwatts paid maintenance expenses of R9 000 for the delivery vans and manufacturing assets during the year of assessment.

**3. Other Income** - Other income consists of the following:

- Hogwatts holds 5% equity shares and voting rights in a private Chinese company, and earned a gross cash dividend during the year of R62 500 (correctly translated to Rand). The Chinese company is not a controlled foreign company.

- Hogwatts rented out six low-cost residential accommodation units ('low-cost residential units' as defined). These units were purchased to earn extra income. The six residential units generate monthly rental income of R15 450 in total. The residential units were acquired on 31 May 2024 at a cost of R300 000 per unit.

**Additional information:**

Binding General Ruling No. 7 states that delivery vans have a write-off period of 4 years (if applicable).

**Client 2: Brenda Vassie**

You received the following email from your manager regarding one of the firm's clients, Brenda Vassie:

To: taxPR@taxfirm.com  
From: brendavassie@gmail.com  
Subject: Fwd: Brenda Vassie - Retirement benefits query  
Date: 1 March 2025

Good day

I received this email from one of our clients, Brenda, and she needs help with determining her normal tax payable on the retirement lump sums that she received. Please see her email I forwarded to you below.

I calculated her taxable income (R692 000 (excluding any lump sums)) and her remuneration for the year (R510 000) but I didn't get to complete the calculation. Her retirement lump sums and retirement fund contributions have not been taken into account, so may you please complete it for me? I have a business trip that I need to go on, so I won't be able to help Brenda in time.

Kind regards

Tax

***Fwd:***

Hi Tax Manager

I hope you are doing well.

My name is Brenda Vassie, and I am a 65-year-old lecturer at a music and entertainment university known as Special Weekend Academy (Pty) Ltd (SWA').

I have retired this year, and I want to know how my retirement pay outs will be affected by tax.

I was a member of the Special Weekend Academy Pension Fund (SWAPF') until my retirement on 31 December 2024 as my 65<sup>th</sup> birthday was in December 2024. SWA contributed to the pension fund at 5% of my basic annual cash salary (my basic annual cash salary amounts to R480 000) and I made monthly contributions of R10 000 out of my own pocket to the same pension fund.

I also contributed R16 000 during my current tax year to a private retirement annuity fund (RAF). SWA and I contributed to the SWAPF until the date of my retirement on 31 December 2024.

I had no capital disposals during my year of assessment.

Thank you very much and I look forward to your feedback.

Kind regards  
Brenda Vassie

**Client 3: Mr Jones**

Mr. Jones is 45 years old and is a provisional taxpayer due to the fact that he has additional income over and above his salary, of rental income on a number of property investments.

Mr. Jones received his 2022 assessment on 15 May 2023. The taxable income for this assessment amounted to R350 000. Mr. Jones did not dispose of any capital assets during the 2022 year of assessment.

Mr. Jones received his 2023 assessment on 19 August 2024. The taxable income for this assessment amounted to R450 000. This included a capital gains tax amount of R30 000 relating to a property he sold during that year.

Mr Jones is currently in a dispute with SARS regarding his taxable income for the 2024 year of assessment. He has not received his 2024 assessment yet.

During his 2025 year of assessment, Mr. Jones' employer deducted an amount of R5 000 per month as employees' taxes and paid this over to SARS.

Mr. Jones' calculation of his taxable income for the year 2025 of assessment amounts to R415 000.

*(Adapted from IAS)*

REQUIRED		MARKS	
		SUB-TOTAL	TOTAL
a)	<p><b>Refer to Client 1: Hogwatts (Pty) Ltd</b> - Calculate the value-added tax (VAT) payable by Hogwatts (Pty) Ltd in respect of all tax periods from 1 August 2024 to 31 July 2025.</p> <p>Provide brief reasons for each entry as well as Rnil value effects.</p> <ul style="list-style-type: none"><li>• Where the same reason applies to multiple items, you may group the items together and provide the reason once-off.</li><li>• Assume all amounts have been correctly taken into account in profit before tax for financial reporting (accounting) purposes.</li></ul> <p><i>Communication skills – presentation</i></p>	17	
		1	18

b)	<p><b>Refer to Client 1: Hogwatts (Pty Ltd)</b> - Calculate the normal tax payable by Hogwatts (Pty) Ltd in respect of its 2025 year of assessment. Start your calculation with the profit before tax of R924 205.</p> <p>Provide a brief reason for each adjustment or when no adjustment is necessary.</p> <p><i>Communication skills – presentation</i></p>	22	23
c)	<p><b>Refer to Client 2: Brenda Vassie</b> - Calculate the normal tax payable by Brenda Vassie in respect of her 2025 year of assessment.</p> <p>Only consider amounts and information provided.</p>	12	12
d)	<p><b>Refer to client 3: Mr Jones</b> - Calculate the first and second provisional tax payments for Mr. Jones for the 2025 year of assessment as well as when the payments are due.</p>	20	20
<b>TOTAL MARKS</b>			<b>76</b>

**QUESTION 2****(24 MARKS)**

Johanna Junior, 24-year-old Namibian citizen had become an employee of “First for Women” Insurance on 1<sup>st</sup> February 2023.

Her receipts and accruals for the year of assessment include:

- A monthly salary of N\$20 000.
- Annual bonus payable in December, N\$20 000.
- Sales commission of N\$25 000 for the year.
- The private use of a motor car with a cost of N\$210 000 excluding VAT. The employer paid all the expenses, except fuel. The total fuel expenses for the year amount to N\$23 000 from which N\$7 500 was for private trips.
- A cellular phone allowance of N\$400 per month. Her business calls amounted to N\$4 000 for the year. Junior kept all the relevant records.
- The employer contributed 7% of Junior’ annual basic salary towards a pension fund. Junior’ contribution amounts to 8% of her basic annual salary.
- Junior belongs to a medical aid fund for which her contributions amount to N\$18 500 per year. Her employer pays 60% of the annual fee.
- Sarah’s divorce was finalized during the year and in terms of the court order, her ex-husband pays her N\$3,000 alimony per month. In addition, the settlement also awarded her their holiday home at the coast. The holiday cottage is valued at N\$950,000.
- Interest and dividends from a Bank Windhoek on a savings account, N\$15 000 and N\$12 000 respectively.
- Francine also received a monthly annuity of N\$1,500 from Old Mutual Namibia, which arose from a once-off capital contribution of N\$250,000. The annuity payments are based on a life expectancy of 22.65 years.

REQUIRED	MARKS	
	SUB-TOTAL	TOTAL
Calculate the taxable income of Johanna Junior for the 2024 year of assessment.	23	24
<i>Presentation and communication</i>	1	

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**END OF EXAMINATION PAPER**

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**APPENDIX A****DEEMED EXPENDITURE - 2025**

<b>Cost of vehicle</b>	<b>Fixed R</b>	<b>Fuel c</b>	<b>Repairs c</b>
Does not exceed R100 000	34 480	151,7	46,0
Exceeds R100 000 but not R200 000	61 770	169,4	57,6
Exceeds R200 000 but not R300 000	89 119	184,0	63,5
Exceeds R300 000 but not R400 000	113 436	197,9	69,3
Exceeds R400 000 but not R500 000	137 752	211,8	81,5
Exceeds R500 000 but not R600 000	163 178	243,0	95,6
Exceeds R600 000 but not R700 000	188 653	247,1	107,3
Exceeds R700 000	215 447	251,2	118,9

**DEEMED EXPENDITURE - 2026**

<b>Cost of vehicle</b>	<b>Fixed R</b>	<b>Fuel c</b>	<b>Repairs c</b>
Does not exceed R100 000	33 940	146,7	47,4
Exceeds R100 000 but not R200 000	60 688	163,8	59,3
Exceeds R200 000 but not R300 000	87 497	177,9	65,4
Exceeds R300 000 but not R400 000	111 273	191,4	71,4
Exceeds R400 000 but not R500 000	135 048	204,8	83,9
Exceeds R500 000 but not R600 000	159 934	234,9	98,5
Exceeds R600 000 but not R700 000	184 867	238,9	110,5
Exceeds R700 000	211 121	242,9	122,5

## TAX RATES INDIVIDUALS - 2025

Taxable income		Rates of tax	
R	0 - R 237 100		18% of each R1
R	237 101 - R 370 500	R 42 678 +	26% of the amount over R 237 100
R	370 501 - R 512 800	R 77 362 +	31% of the amount over R 370 500
R	512 801 - R 673 000	R121 475 +	36% of the amount over R 512 800
R	673 001 - R 857 900	R179 147 +	39% of the amount over R 673 000
R	857 901 - R1 817 000	R251 258 +	41% of the amount over R 857 900
R1	817 001 +	R644 489 +	45% of the amount over R1 817 000

## TAX RATES INDIVIDUALS - 2026

Taxable income		Rates of tax	
R	0 - R 237 100		18% of each R1
R	237 101 - R 370 500	R 42 678 +	26% of the amount over R 237 100
R	370 501 - R 512 800	R 77 362 +	31% of the amount over R 370 500
R	512 801 - R 673 000	R121 475 +	36% of the amount over R 512 800
R	673 001 - R 857 900	R179 147 +	39% of the amount over R 673 000
R	857 901 - R1 817 000	R251 258 +	41% of the amount over R 857 900
R1	817 001 +	R644 489 +	45% of the amount over R1 817 000

## TAX THRESHOLDS

	Taxable income	
	2025	2026
Persons under 65	R 95 750	R 95 750
Persons 65 and under 75	R148 217	R148 217
Persons 75 and over	R165 689	R165 689

## TAX REBATES

Amounts deductible from the tax payable	2025	2026
Persons under 65	R17 235	R17 235
Persons 65 and under 75	R26 679	R26 679
Persons 75 and over	R29 824	R29 824

## **MEDICAL AID** TAX CREDITS

<b>Monthly amounts deductible from tax payable</b>	<b>2025</b>	<b>2026</b>
Main member	R364	R364
Main member with one dependant	R728	R728
Main member with two dependants	R974	R974

Each additional dependant qualifies for a credit of R246 (2023 : R234) per month.