

K9: Exercise 2 Tax

- (a) Kirsty (48yrs) is a teacher that works for the GDE. She receives a gross salary of R21 821,75 per month during 2015/2016 tax year. Each month PAYE (current tax system), as well as contributions to the Pension Fund and Medical Fund are subtracted from her salary. The undermentioned table shares her salary advice for June 2015 for the 2015/16 tax year.

Kirsty’s salary advice for June 2015

Pay date: 20140630			Notch: B		
Earnings			Deductions		
Item	Description	Amount	Item	Description	Amount
0001	Basic salary	21 021,75	0001	PAYE	2 091,86
0554	Accommodation	900,00	0002	Pension (7,5%)	F
			0005	Medical fund	546,00
			0006	UIF	C
	GROSS SALARY	A		Total deduction	D
				NETT SALARY	E

- (i) What is her GROSS salary per month?(A)
- (ii) If your notch is your basic salary times 12, calculate Karen’s notch (B)
- (iii) What percentage of your gross salary must you pay for UIF?
- (iv) What must Karen pay per month for UIF? (C)
- (v) What will her NETT salary per month be, after all deductions have been made? (D&E)\
- (vi) Determine the value of F

- (b) The tax laws for medical aid contributions changed. Medical aid contributions is no longer deducted from gross salary to determine the taxable income, but it is deducted from the tax itself.

People older than 65 can still deduct the medical contributions from the gross salary before calculating the taxable income.

Medical Tax credits: 2015/2016 year of assessment is as follows:

R257 per month for the taxpayer who paid the medical scheme contributions.

R257 per month for the first dependant on his medical scheme.

R172 per month for each additional dependant(s) on his medical scheme.

Complete the medical aid tax credit table (change every year)

Taxpayer + dependant	Medical Tax Credit	
	Per month	Per year
Taxpayer (1)		
Taxpayer+ 1 dependant		
Taxpayer + 2 dependants		
Taxpayer + 3 dependants		

PERSONAL INCOME TAX TABLES: 2015/2016 TAX YEAR

TAXABLE INCOME	TAX PAYABLE
0 – 174 550	18% of the taxable income
174 551 – 272 700	31 419 + 25% of taxable income above 174 550
272 701 – 377 450	55 957 + 30% of taxable income above 272 700
377 451 – 528 000	87 382 + 35% of taxable income above 377 450
528 001 – 673 100	140 074 + 38% of taxable income above 528 000
673 101 AND ABOVE	195 212 + 40% of taxable income above 673 100

Tax discounts

- **Primary discount** **R12 726**
- **Additional discount (for persons 65 and older)** **R 7 110**
- **Additional discount (for persons 75 and older)** **R 2 367**

Tax treshhold

- **Persons under 65** **R 70 700**
- **Persons 65 years and older** **R 110 200**
- **75 years and older** **R123 350**

- (c) What is the payable tax if the earnings per year is R523 000? (Accept that the person is younger than 65 years of age and has 3 medical aid dependants.)

Annual income		
Deductions	Pension	
Taxable income (subtract)		
Tax Bracket	=	
Discount	_____	
	Total:	
Medical Tax Credit		
Total tax for the year		
PAYE		

- (d) What is the payable tax for a 75-year-old for the 2015 tax year if his earnings is R45 250 per month? (Medical aid deductions is R2000 per month)

Annual income		
Deductions	Pension Medical Tax Credit Total:	
Taxable income		
Tax Bracket	=	
Discount	_____ _____ _____	
	Total	
Total tax for the year		
PAYE		

- (e) How much tax would a 80-year old person pay who earns R60 000 per month? He has no medical aid dependants.

Annual income		
Deductions	Pension Medical Tax Credit	
Taxable income (subtract)		
Tax Bracket	=	
Discount		
Total tax for the year		
PAYE		

(f) How much tax would a person younger than 65 pay, whose taxable income is R70 700 per year. He has no medical aid fund. Show all your calculations.

Taxable income		
Tax Bracket	=	
Discount		
Total tax for the year		