



# inseta

INSURANCE SECTOR EDUCATION  
AND TRAINING AUTHORITY

<b>Learner Name</b>	
<b>ID Number</b>	
<b>Organisation</b>	

## FORMATIVE ASSESSMENT: LEARNER WORK FILE VERSION 1

Unit Standard Title: **Describe and apply the basic principles of Personal Income Tax**

Unit Standard No: **117127**

Unit Standard Credits: **3**

NQF Level: **4**

### Mark information:

Specific Outcome/Section	1	2	3	4	5	Total	%	C / NYC
Maximum marks	17	19	17	35	22	110	100	

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### Disclaimer

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**Formative Activities**  
**Section 1: 17 marks****Activity 1**

Describe the following terms in your own words:

(2 x 6 = 12)

(a) Tax

(b) VAT

(c) PAYE

(d) SITE

(e) IRP5

(f) Provisional taxpayer

**Activity 2**

Explain the purpose of taxation and note why it is important for a country's economic and social wellbeing.

(5)

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**Section 2: 19 marks****Activity 3**

List the main categories of individuals and companies, which are liable for tax.

(5)

People	Entities

**Activity 4**

Discuss the different ways in which the government is attempting to improve tax collection.

(3)

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**Activity 5**

Explain why you think the IRP5 and IT3B forms are issued (what they used for)?  
(2)

**Activity 6**

Explain the consequences for the individual if he/she does not register for tax and complete and submit tax returns to SARS?  
(3)

**Activity 7**

When, would you say, can an individual qualify as a provisional taxpayer?  
(2)

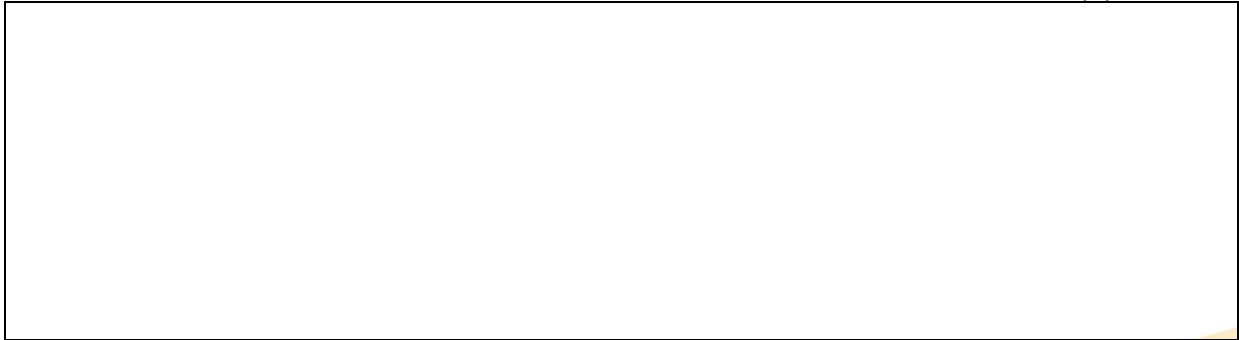
**Activity 8**

What effect does a provisional taxpayer have on SARS in terms of submission of returns? Explain.  
(4)

**Section 3: 17 marks****Activity 9**

Write notes on the tax due on overtime earnings, bonuses and commissions. Make use of examples where possible.

(4)

**Activity 10**

If you were to get additional income, over and above your normal salary, would that additional income be taxed the same way as your salary? Why or why not? Explain using 2 case studies as examples.

(4)

**Activity 11**

List at least 3 examples of indirect taxes.

(3)

**Activity 12**

Explain the difference between input tax and output tax.

(2)



**Activity 13**

How is VAT calculated on a product?

(1)

**Activity 14**

List 3 items that are VAT exempt.

(3)

**Section 4: 35 marks****Activity 15**

You are required to source the following documentation for this activity: (15)

- The latest tax brackets (provided in the Learner Guide)
- A pre-populated tax return form
- Your last IRP5
- Your last medical aid statement for tax purposes
- Traveling logbook / any other proof of traveling expenses

After collecting the necessary information, answer the following questions:

(a) Why do you think you pay taxes to the South African Government? (1)

(b) Using the tax tables that you have collected, indicate the tax bracket into which you personally fall. (1)

(c) What, according to your pay slip / IRP5, is the amount of your SITE and PAYE? (1)

(d) Why do you or why do you not need to register as a taxpayer with SARS? (1)

(e) Complete your tax return using the information of your IRP5, medical aid statements etc. If you are not yet a tax payer, please use fictitious figures. Your tax return may already have been pre-populated by SARS.

Remember to attach the completed Tax return as proof in your Portfolio of evidence.

Mark allocation:

5 marks for attached documentary evidence  
6 marks for completion of tax return

**Activity 16**

Collect newspaper clippings or articles or reports from the internet regarding the SA government's current budget. Summarize the article and highlight the following:

(5)

- (a) Reference to access
- (b) Redress
- (c) The repayment of the national debt
- (d) Draw a rough graph on the breakdown of the government's main budget and spending categories as outlined in the specific budget speech.

Note: SO1: AC3 and AC4 are being assessed as an integrated activity in Activity 16.

Remember to attach the article(s) used for your summary as proof in your Portfolio of evidence.





**Activity 17**

Indicate a reason why the government applies additional forms of taxation other than personal- and company income tax.

(1)

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**Activity 18**

Make a list of 5 (five) grocery items that you have bought. Then indicate the price of each item. Lastly, calculate the amount of indirect tax (VAT) per item listed. Use the table below to plot your answer:

(10)

Item	Price	VAT Amount

**Activity 19**

Briefly mention what the implication of a change in fuel tax is on the individual and the economy.

(2)

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**Activity 20**

What is sin tax? Give your opinion on this type of tax.

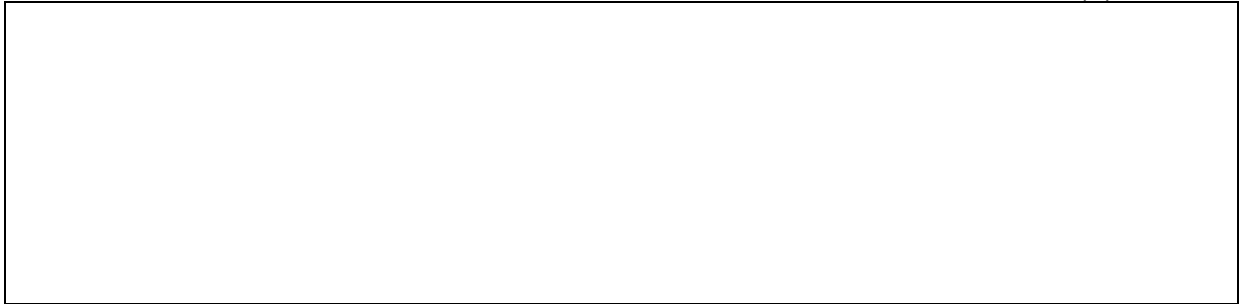
(2)

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**Section 5: 22 marks****Activity 21**

Describe the difference between tax avoidance and tax evasion. Make use of examples (if possible) to demonstrate your understanding of the difference between these two concepts.

(2)

**Activity 22**

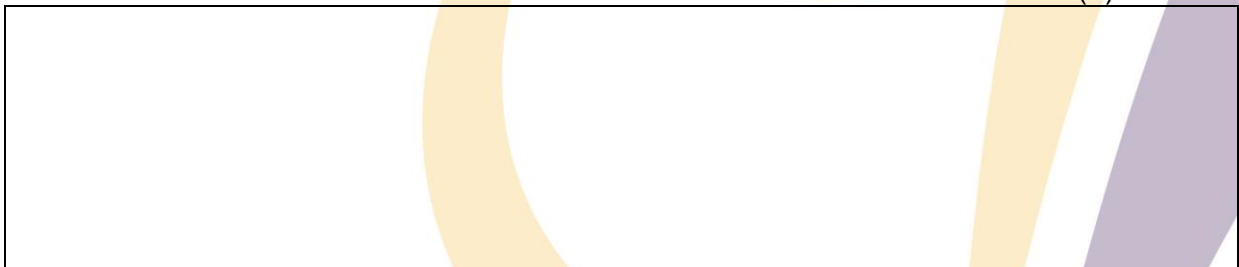
List at least 2 possible sources of personal income in terms of earnings on declarable income.

(2)

**Activity 23**

Indicate what measures or ways SARS has in place for checking information submitted in tax returns and what penalties exist for non-submission of a tax return and/or submission of false information.

(2)



**Activity 24**

Explain, in your own words, how you would arrange your filing system in order to keep accurate tax related information (2) and also mention what types of documents you would retain for tax purposes. (4)

(6)

**Activity 25**

Write an essay of not more than 150 words on an individual's moral obligation to pay taxes. In your discussion, refer to: human rights, the individual's role in a democratic society and good citizenship.

(10)





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**SOUTH AFRICAN QUALIFICATIONS AUTHORITY**

**REGISTERED UNIT STANDARD THAT HAS PASSED THE END DATE:**

**Describe and apply the basic principles of personal income tax**

<b>SAQA US ID</b>	<b>UNIT STANDARD TITLE</b>
117127	Describe and apply the basic principles of personal income tax
<b>ORIGINATOR</b>	<b>ORIGINATING PROVIDER</b>
SGB Insurance and Investment	
<b>QUALITY ASSURING BODY</b>	
-	

FIELD			SUBFIELD	
Field 03 - Business, Commerce and Management Studies			Finance, Economics and Accounting	
ABET BAND	UNIT STANDARD TYPE	OLD NQF LEVEL	NEW NQF LEVEL	CREDITS
Undefined	Regular	Level 4	NQF Level 04	3
REGISTRATION STATUS		REGISTRATION START DATE	REGISTRATION END DATE	SAQA DECISION NUMBER
Passed the End Date - Status was "Registered"		2005-12-02	2007-11-28	SAQA 0557/04
LAST DATE FOR ENROLMENT		LAST DATE FOR ACHIEVEMENT		
2008-11-28		2011-11-28		

In all of the tables in this document, both the old and the new NQF Levels are shown. In the text (purpose statements, qualification rules, etc), any reference to NQF Levels are to the old levels unless specifically stated otherwise.

This unit standard replaces:

US ID	Unit Standard Title	Old NQF Level	New NQF Level	Credits	Replacement Status
10389	Describe the basic principles of personal income tax	Level 4	NQF Level 04	3	Complete

This unit standard is replaced by:

US ID	Unit Standard Title	Old NQF Level	New NQF Level	Credits	Replacement Status
252143	Demonstrate knowledge and understanding of the basic principles of personal income tax	Level 4	NQF Level 04	4	Complete

### PURPOSE OF THE UNIT STANDARD

Learners who achieve this unit standard can understand how tax legislation affects them directly through employment and earnings and indirectly through spending.

The qualifying learner is capable of:

- Explaining why we pay taxes.
- Explaining the individual's tax liabilities and duties with regard to income tax.

- Completing a personal tax return.
- Describing the indirect forms of taxation in South Africa.
- Describing an individual's responsibility to pay taxes and keep records.

### **LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING**

There is open access to this unit standard. Learners should be competent in Communication, Mathematical Literacy and Financial Literacy at NQF Level 3.

### **UNIT STANDARD RANGE**

The typical scope of this unit standard is

- Additional income includes, but is not limited to, interest on investments, royalties, additional work, rent from a property, overtime, allowances, bonuses and commission and performance awards.
- Additional taxes other than personal taxes include, but are not limited to VAT, fuel taxes, sin taxes, death taxes, import/export taxes, toll roads and capital gains tax.
- Documents to be retained for tax purposes include bank statements, investment details and medical expenses.
- Sin tax is tax on cigarettes and alcohol.
- A tax return may be provisional or standard and should be completed for own situation.

### **Specific Outcomes and Assessment Criteria:**

#### **SPECIFIC OUTCOME 1**

Explain why we pay taxes.

#### **ASSESSMENT CRITERIA**

##### **ASSESSMENT CRITERION 1**

The purposes of taxation are explored with reference to its importance to a country's economic and social wellbeing.

##### **ASSESSMENT CRITERION 2**

The main categories of people and entities from which the government collects taxes are listed and an indication is given of the different rates applied to personal and company income tax.

##### **ASSESSMENT CRITERION 3**

The typical breakdown of a government's main budget and spending categories is illustrated graphically.

##### **ASSESSMENT CRITERION 4**

The main emphasis in the South African Government's current budget is interpreted from reports in the media with reference to access, redress and the repayment of the national debt.

#### **ASSESSMENT CRITERION 5**

Ways in which government is attempting to improve tax collection and/or widen its tax base are described and an indication is given of the potential impact of improved and wider tax collection on both the government and the individual taxpayer.

#### **SPECIFIC OUTCOME 2**

Explain the individual's liabilities and duties with regard to income tax.

#### **ASSESSMENT CRITERIA**

##### **ASSESSMENT CRITERION 1**

The difference between SITE and PAYE is explained and an indication is given of when the individual is liable for each.

##### **ASSESSMENT CRITERION 2**

The functions and uses of the IRP5 and IT3B are explained with reference to specific examples.

##### **ASSESSMENT CRITERION 3**

An individual's legal responsibility to register as a taxpayer and complete income tax returns is explained and an indication is given of the implications of non-compliance.

##### **ASSESSMENT CRITERION 4**

The concept of a provisional taxpayer is explained and an indication is given of when an individual could qualify as a provisional taxpayer.

##### **ASSESSMENT CRITERION 5**

The effect of provisional taxpayer status on the individual is explained in terms of the submission of returns to the South African Revenue Service (SARS).

#### **SPECIFIC OUTCOME 3**

Complete a personal tax return.

#### **ASSESSMENT CRITERIA**

##### **ASSESSMENT CRITERION 1**

Personal income tax liability is calculated, indicating the implications of tax payable on an increasing income and an individual's marginal rate of tax.



**ASSESSMENT CRITERION 2**

Tax due on overtime earnings, bonuses and commissions is calculated and an assessment is made of their impact on basic tax for two different case studies.

**ASSESSMENT CRITERION 3**

Tax due on additional income other than salary is calculated and an assessment is made of the impact of additional income on basic tax for two different case studies.

**ASSESSMENT CRITERION 4**

A tax return for a natural person is completed correctly and copies of the documentation required are supplied to support the information in the tax return.

**SPECIFIC OUTCOME 4**

Describe indirect forms of taxation in South Africa.

**ASSESSMENT CRITERIA****ASSESSMENT CRITERION 1**

Examples of indirect taxes are listed and an indication is given of the current rates of taxation on each.

**ASSESSMENT CRITERION 2**

The basic principles of Value Added Tax (VAT) are explained and the cost of five items or services is calculated with and without VAT.

**ASSESSMENT CRITERION 3**

Reasons why government applies additional forms of taxation other than personal and company income tax are explored with reference to spreading the tax base.

**ASSESSMENT CRITERION 4**

Approximate amounts paid by the individual in indirect taxes are estimated based on personal expenditure over a period of at least a month.

**ASSESSMENT CRITERION 5**

The implications of a change in fuel tax are explored with reference to the possible effect on the individual and the economy.

**ASSESSMENT CRITERION 6**

The issue of sin tax is discussed and an opinion expressed and supported on the appropriateness of this form of taxation.

**SPECIFIC OUTCOME 5**



Describe an individual's responsibility to pay taxes and keep records.

## **ASSESSMENT CRITERIA**

### **ASSESSMENT CRITERION 1**

Legal tax avoidance is investigated and illustrated with examples.

### **ASSESSMENT CRITERION 2**

Illegal tax evasion is explained and compared to legal tax avoidance using examples.

### **ASSESSMENT CRITERION 3**

Possible sources of personal income are listed in terms of earnings or declarable income.

### **ASSESSMENT CRITERION 4**

Ways that the South African Revenue Service (SARS) has of checking information submitted in tax returns are investigated and an indication is given of the penalties for non-submission of a tax return and/or the submission of false information.

### **ASSESSMENT CRITERION 5**

A filing system for keeping accurate tax related information is designed and an indication is given of the kind of documents that should be retained for tax purposes.

### **ASSESSMENT CRITERION 6**

An opinion on an individual's moral obligation to pay taxes is stated and supported in terms of human rights, one's role in a democratic society and good citizenship.

## **UNIT STANDARD ACCREDITATION AND MODERATION OPTIONS**

This Unit Standard will be internally assessed by the provider and moderated by a moderator registered by a relevant accredited ETQA or an ETQA that has a Memorandum of Understanding with the relevant accredited ETQA.

## **UNIT STANDARD ESSENTIAL EMBEDDED KNOWLEDGE**

N/A

## **UNIT STANDARD DEVELOPMENTAL OUTCOME**

N/A

## **UNIT STANDARD LINKAGES**

N/A

**Critical Cross-field Outcomes (CCFO):****UNIT STANDARD CCFO IDENTIFYING**

The learner is able to identify, solve problems and make decisions relating to his/her own financial tax situation.

**UNIT STANDARD CCFO ORGANISING**

The learner is able to organise and manage him/herself effectively when designing an appropriate record keeping system for tax and other related personal documents.

**UNIT STANDARD CCFO COMMUNICATING**

The learner is able to communicate effectively using visual, mathematics and language skills in the modes of oral and written presentation when completing a tax return with supporting documentation.

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