

TAXABLE INCOME FRAMEWORK




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TAXABLE INCOME FRAMEWORK

Gross income

- Definition
- Special inclusions

Less: Exempt income

Gives: Income

Less: Allowable deduction

Add: Taxable capital gain

Gives: TAXABLE INCOME

- The total amount
- In cash or otherwise
- Received by or accrued to
- During the year of assessment
- Not of a capital nature

- Lease premiums
- Leasehold improvements
- Proceeds from disposal of assets
- Dividends
- Key-man insurance policies
- Recoupments

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TAXABLE INCOME FRAMEWORK

Gross income

- Definition
- Special inclusions

Less: **Exempt income**


Gives: Income

Less: Allowable deductions

Add: Taxable capital gain

Gives: TAXABLE INCOME

Exempt income is income that has already been included in gross income, but the Act provides that it is not taxable or that a certain portion is not taxable

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TAXABLE INCOME

Gross income

- Definition
- Special inclusions

Less: Exempt income

Gives: Income

Less: **Allowable deductions**

- General deduction formula
- Specific deductions
- Capital allowances

Add: Taxable capital gain

Gives: TAXABLE INCOME


Section 11 (a):

- Expenditure and losses
- Actually incurred
- During the year of assessment
- In the production of income
- Not of a capital nature

Section 23

- Prohibited deductions

- Double deductions
- Legal expenses
- Restraint of trade
- Copyrights etc.
- Research and development
- Bad and doubtful debts
- Etc.....

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TAXABLE INCOME FRAMEWORK

Gross income	R
Definition	XXX
Special inclusions	XXX
Less: Exempt income	<u>(XXX)</u>
Income	XXX
Less: Allowable deductions	
General deduction formula	(XXX)
Specific deductions	(XXX)
Capital allowances	<u>(XXX)</u>
Taxable Income before taxable capital gain	XXX
Add: Taxable capital gain	<u>XXX</u>
TAXABLE INCOME	<u>XXX</u>



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