

Tutorial Letter 101/3/2018

Legal Aspects of Small Businesses

LSB2605

Semesters 1 and 2

Department Mercantile Law

This tutorial letter contains important information
about your module.

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Dear Student

1 INTRODUCTION

Welcome to this module. We hope that you will find it both interesting and rewarding. We shall do our best to make your study of this module successful. You will be well on your way to success if you start studying early in the semester and resolve to do the assignments properly.

You will receive a number of tutorial letters during the semester. A tutorial letter is our way of communicating with you about teaching, learning and assessment. Right from the start, we would like to point out that you must read all the tutorial letters you receive during the semester immediately and carefully, as the information they contain is always important and sometimes urgent.

This tutorial letter contains important information about the scheme of work, resources and assignments for this module. We urge you to read it carefully and to keep it at hand when working through the study material, completing the assignments, preparing for the examination and addressing questions to your lecturers.

In this tutorial letter, you will find the assignments and assessment criteria as well as instructions on the preparation and submission of the assignments. It also provides all the information you need with regard to the prescribed study material and other resources, and how to obtain them. Please study this information carefully. Make sure that you obtain the prescribed material as soon as possible.

Please read Tutorial Letter 301 in combination with this tutorial letter, as it contains important general information on studying at a distance and studying within a particular College.

Please remember that this is a second-year semester module which carries 12 credits. This means that you need to spend 10 hours per week on this module. A semester is 12 weeks long and you therefore have 120 hours in which to study for this module. The last three or four weeks of the semester should be reserved for revision. We hope that you will enjoy this module and wish you all the best.

2 PURPOSE AND OUTCOMES

2.1 Purpose

The aim of this module is to enable students to gain a sound knowledge of, as well as skills and applied competencies, in the legal principles relating to running a small business. In addition, the module will also cover the legal principles relating to the employment relationship, matters relating to income tax, and the types of business that need to be licensed in order to operate.

This module will be useful to persons who are currently (or wish to be) employed as paralegals at community-based organisations or who are employed to assist attorneys with legal work.

2.2 Outcomes

After passing this module, you should be able to advise people, who wish to start their own business, on the registration requirements and on the processes that have to be undertaken by employers in respect of employees' tax, skills development levies, contributions to the Unemployment Insurance Fund, occupational health and safety, and compensation for occupational injuries and diseases.

You will also be able to demonstrate a knowledge and understanding of how the employment relationship is regulated, apply the legal principles and processes prescribed by the Income Tax Act, and administer provisional tax in small businesses. Furthermore, the module aims to equip you with a knowledge and understanding of small-business licensing.

3 LECTURER(S) AND CONTACT DETAILS

3.1 Lecturer(s)

All queries that are not of a purely administrative nature, but are about the content of this module, should be directed to us.

The following are the lecturers for this module:

NAME	TELEPHONE NUMBER	E-MAIL ADDRESS
Ms Z Mabe	012 429 4569	mabez@unisa.ac.za
Mr RM Shay	012 429 4267	shayrm@unisa.ac.za

Our fax number is 012 429 3343.

You can also contact us by sending a letter to:

The Module Leader (LSB2605)

Department of Mercantile Law

PO Box 392

Unisa

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You are welcome to visit us to discuss any queries about or problems with the contents of this module. However, **please make an appointment beforehand**, otherwise you run the risk that the lecturer may not be available to see you. Our offices are situated in the **Cas van Vuuren Building, Main Campus, Muckleneuk Ridge, Pretoria.**

PLEASE NOTE: Letters to lecturers may not be enclosed with or inserted into assignments.

3.2 Department

The general number for the Department of Mercantile Law is **012 429 8579**. Please have your tutorial material with you when you contact us by telephone

3.3 University

- Unisa website: <http://www.unisa.ac.za&http://mobi.unisa.ac.za>
- All study-related information is now available on the new Unisa corporate website in both web and mobi formats.
- myUnisa: <http://my.unisa.ac.za/portal&http://my.unisa.ac.za/portal/pda> You can access your own information via the myUnisa website or the mobi site.
- E-mail: info@unisa.ac.za

You may send an e-mail to info@unisa.ac.za for information on how to contact Unisa via e-mail. SMS (32695 – only for students in South Africa) You may send an SMS to

32695 for more information on how to contact Unisa via SMS. You will receive an automatic response SMS with various SMS options. The cost per SMS is R1,00.

- Fax (012 429 4150) Enquiries can be faxed to 012 429 4150, after which they will be distributed to, and processed, by the relevant department.

If you need to contact the University about matters not related to the content of this module, please consult the publication my **STUDY@UNISA**, which you received with your study material.

This booklet contains information on how to contact the University (e.g. to whom you can write regarding different queries, important telephone and fax numbers, addresses, and details of the times certain facilities are open).

Always have your student number at hand when you contact the University.

4 RESOURCES

4.1 Prescribed books

There are no prescribed textbooks for this module.

4.2 Recommended books

There are no recommended books for this module.

4.3 Electronic reserves (e-reserves)

There are no e-reserves for this module.

4.4 Library services and resources information

For brief information, go to www.unisa.ac.za/brochures/studies

For detailed information, go to <http://www.unisa.ac.za/library>. For research support and services of personal librarians, click on "Research support".

The library has compiled a number of library guides:

- finding recommended reading in the print collection and e-reserves – <http://libguides.unisa.ac.za/request/undergrad>
- requesting material – <http://libguides.unisa.ac.za/request/request>
- postgraduate information services – <http://libguides.unisa.ac.za/request/postgrad>
- finding, obtaining and using library resources and tools to assist in doing research – http://libguides.unisa.ac.za/Research_Skills
- how to contact the library/finding us on social media/frequently asked questions – <http://libguides.unisa.ac.za/ask>

5 STUDENT SUPPORT SERVICES

For information on the various student-support systems and services available at Unisa (e.g. student counselling, tutorial classes, language support), please consult the publication, **STUDY@UNISA**, which you received with your study material.

Unisa has entered into partnerships with establishments (referred to as Telecentres) in various locations across South Africa to enable you (as a Unisa student) **free access to computers and the Internet**. This access enables you to conduct the following academic related activities: registration; online submission of assignments; engaging in e-tutoring activities and signature courses; etc. Please note that any other activities outside of these are for your own costing e.g. printing, photocopying, etc. For more information on the Telecentre nearest to you, please visit www.unisa.ac.za/telecentres. **We therefore strongly advise you, where possible, to use a telecentre if you do not have your own means of accessing the Internet, so that you can submit all your assignments on myUnisa rather than by post.**

5.1 Contact with fellow students

5.1.1 Study groups

It is advisable to have contact with fellow students. One way to do this is to form study groups.

The addresses of students in your area may be obtained from the following department:

Directorate: Student Administration and Registration
PO Box 392
Unisa
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5.1.2 myUnisa

If you have access to a computer that is linked to the Internet, you can quickly access resources and information at the University.

The myUnisa learning-system is Unisa's online campus that will help you to communicate with your lecturers, with other students and with the administrative departments of Unisa, all via the computer and the Internet.

To go to the myUnisa website, start at the main Unisa website, <http://www.unisa.ac.za>, and then click on the "Login to myUnisa" link on the right-hand side of the screen. This should take you to the myUnisa website. You can also go there directly by typing in <http://my.unisa.ac.za>.

Please consult the publication **STUDY@UNISA**, which you received with your study material, for more information on myUnisa.

5.1.3 Discussion classes

There are no discussion classes for this module

6 STUDY PLAN

We would like to support you in your learning process. We can do so only if you take responsibility for your own learning. You have to work through the tutorial letters and the learning material and plan a schedule for your learning process to ensure that you submit all the assignments and prepare for the examinations in time.

We suggest that you follow the steps set out below in your learning process:

Step 1 Read through each section of a study unit to gain an overview.

Step 2 Make a short summary (about 2 to 4 sentences) indicating the importance of each specific study unit.

- Step 3** Attempt to do the activities and answer the key questions at the beginning of each study unit. If necessary, reread the prescribed section in the study guide.
- Step 4** Make a mind map of the specific topic or, if you prefer, a written summary.
- Step 5** Identify key questions from each study unit and make sure you understand the implications of each aspect of the law relating to that question.
- Step 6** Prepare for the examination by revising the study units in your study guide and doing the activities. If you have made good summaries during the semester, you will benefit at this stage.

Study all the tutorial letters that you received during the semester and work out the answers to the assignments provided in Tutorial Letter 101.

Once you are well acquainted with the work and are able to do all the activities in the study guide, you could also work out the assignments (given in this tutorial letter) for the semester for which you are not registered.

7 PRACTICAL WORK AND WORK-INTEGRATED LEARNING

There are no practicals for this module.

8 ASSESSMENT

8.1 Assessment criteria

There are no assessment criteria in this module.

8.2 Assessment plan

If you submit **Assignment 01** before or on the due date for submission, you will be admitted to the examination regardless of the marks obtained for the assignment. In other words, even if you submitted Assignment 01, but obtained 0%, you will be admitted to the examination. Although submission of **Assignment 02** does not determine whether you will be admitted to write the examination, it contributes to your year mark.

The year mark is calculated by adding the marks you obtained for Assignments 01 and 02 and will account for 20% (10% for each assignment) of your final mark. You need to obtain at least 40% in the examination before your year mark will be taken into account. If you obtained at least 40% in the examination and you have a good year mark, you will have a great advantage over a student who has a year mark of 0% or a bad year mark.

8.3 Assignment numbers

8.3.1 General assignment numbers

There are **TWO** assignments for this module. **Assignment 01 is a compulsory assignment.** Assignment 02 is not compulsory, **but both Assignments 01 and 02** contribute to your year mark. Assignment 01 must be submitted to qualify for examination admission. Remember that your assignment must be numbered 01 or 02.

You should also provide the unique number for Assignments 01 and 02. State the module code and assignment number in all enquiries about assignments.

Students who use computers should consult the brochure **STUDY@UNISA** about the format and paper to be used for assignments. It is wise to **make a copy of the assignment** before submitting it, in case it gets lost in the post.

You will not be given credit for assignments received after the due date. Students registered for the **first semester** must submit **Assignment 01 for first-semester students** on or before **7 March 2018** to gain admission to the examination and to have the mark count towards the year mark. **Assignment 02 for first-semester students** must be submitted on or before **11 April 2018** in order to have the assignment count towards the year mark.

Students registered for the **second semester** must submit **Assignment 01 for second-semester students** on or before **24 August 2018** to gain admission to the examination and to have the mark count towards the year mark.

Assignment 02 for second-semester students must be submitted on or before **21 September 2018** in order to have the assignment count towards the year mark.

If you do not submit Assignment 01 before the relevant date, your registration will be cancelled and you will not be admitted to the examination in LSB2605. If you do not submit Assignment 02, you will forfeit a portion of your year mark.

Assignments 01 and 02 will each count 50% of your year mark. The year mark will count 20% towards your final mark for the module. The examination will count 80% towards your final mark.

No extension: On the due date for Assignments 01 and 02, the commentary on the assignment will be sent out and published on myUnisa. **As a result, no extension for submission of the assignment will be granted in any circumstances.** Assignments submitted after the due date will be returned unmarked.

Please note: Assignments can only be submitted online.

8.3.2 Unique assignment numbers

SEMESTER 01

Assignment 01: 707021

Assignment 02: 896591

SEMESTER 02

Assignment 01: 744070

Assignment 02: 831735

8.4 Assignment due dates

The closing dates for the submission of the assignments are:

SEMESTER 01:

- **ASSIGNMENT 01: 7 MARCH 2018**
- **ASSIGNMENT 02: 11 APRIL 2018**

SEMESTER 02:

- | |
|--|
| <ul style="list-style-type: none"> • ASSIGNMENT 01: 24 AUGUST 2018 • ASSIGNMENT 02: 31 AUGUST 2018 |
|--|

8.5 Submission of assignments

We wish to draw your attention to **two important aspects** of submitting your assignments:

- 1 **Try your utmost to submit all your assignments electronically on myUnisa**, so that the lecturers can see them all promptly on myUnisa. Otherwise, if you submit your assignments by post, they may not reach the lecturers quickly and the lecturers also cannot see them on myUnisa if there is a problem with the postal submission of your assignments.
- 2 **Submit your assignments on myUnisa several days before the due dates shown in Tutorial Letter 101.** This foresight helps you to avoid the rush, bottlenecks, and delays when so many students are busy trying to submit their assignments on myUnisa.

You may submit written assignments electronically via myUnisa. Assignments may **not** be submitted by fax or e-mail. For detailed information and requirements as far as assignments are concerned, see the brochure, **STUDY@UNISA**, which you received with your study material.

To submit an assignment **via myUnisa**:

- Go to myUnisa.
- Log in with your student number and password.
- Select the module.
- Click on “Assignments” in the left-hand menu.
- Click on the assignment number you want to submit.
- Follow the instructions on the screen.

8.6 The assignments

Assessment of assignments

In your assignments, we expect you to analyse and evaluate problem situations, identify the relevant legal issues, apply the relevant legal principles, suggest solutions and provide responsible advice.

Each student must write and submit his or her own individual assignment. In other words, each student must submit his or her own work. It is unacceptable for students to submit identical assignments on the basis that they worked together. That amounts to plagiarism and none of these assignments will be marked. Furthermore, these students may be penalised or subjected to disciplinary proceedings of the University.

Instructions on how to complete assignments

Comprehensive commentary on both assignments will be available in a tutorial letter which will be uploaded on MyUnisa in due course so that you can assess your answers against it.

Please read this information very carefully before you start with an assignment.

- Both Assignments 01 and 02 are written assignments and each assignment counts a total of 20 marks.
- Neatness is essential. Plan your answers in advance.
- The assignments contain the type of long questions that you can expect in the examination. You should try to answer them under examination conditions. Had the assignment been two examination questions counting 10 marks in all, you would have been given 10 to 15 minutes to complete the questions. This means that you cannot write an answer that is several pages long for a 5-mark question.
- The background knowledge that you obtain by doing the assignment provides a good opportunity to increase your knowledge and understanding of the work to such a degree that you will be able to approach the examination with more confidence.
- We therefore suggest that, for revision purposes, you use the Assignment 01 and 02 questions for the semester you are not registered for as an additional self-evaluation exercise. Please ensure that you submit the correct assignment for marking (i.e. the assignment for the semester you are registered for).

General approach to answering problem-type questions:

When answering problem-type questions, it is important to clarify for yourself the area of the work in which the answer lies.

Always identify and answer the legal question with reference to applicable legislation, court decisions and common law. Apply the legal principles to the particular set of facts. Use the correct terminology. Deal only with those principles that relate to the given facts.

Next, apply these principles to the facts. This is where a number of students lose marks; they set out the law in some detail, but then do not illustrate how it applies to the factual problem they have been asked to solve.

Finally, state your conclusion or provide advice. Also remember that the facts are merely there to illustrate the legal issues we want you to address. If you think the facts are insufficient, just say that it is impossible to reach a definite conclusion. Do not waste your time on unnecessarily lengthy speculations on various potential scenarios.

In order to answer problem-type questions satisfactorily, you must work through the prescribed tutorial material carefully. The following basic guidelines may assist you in this regard:

Students normally complain that they find it difficult to rewrite the tutorial material in their own words. Unfortunately, you have to get used to this, because you will not have your tutorial matter with you during the examination. However, there are three easy steps to assist you in answering problem-type questions, namely:

- (1) Study the relevant tutorial material until you understand it. While you are reading the particular section or chapter, make notes or lists of the keywords and concepts.
- (2) Summarise that particular section or chapter in your own words by using your notes and keywords.

- (3) Finalise your summary by making use of references to the study material, case law and other relevant authority.

In order to complete your assignment satisfactorily, you are expected to consult your study guide and tutorial letters. Carefully read the questions, determine what they pertain to, and use the relevant information in your tutorial material to answer the questions. Make sure that you have identified the relevant legal aspect, have set out the legal principles briefly with reference to applicable case law and other authorities, have applied these principles to the facts given in the question, have reached a conclusion, and have answered any specific question that may have been asked.

Restrict the length of assignment answers so that you learn to write concise and logical legal arguments. It is very easy to write a long, rambling answer encompassing everything which could possibly relate to the problem, but such an answer does not earn good marks. You must learn to summarise your tutorial material so that you can answer a question in a factually correct, concise and logical manner. This will teach you to give similar answers in an examination.

Commentaries on assignments

The commentaries on the compulsory assignments **will be uploaded on MyUnisa under “Official Study Material” or under “Additional Study Material”**. **Follow-up tutorial letters will therefore not be sent to students via the post.**

As soon as you have received the commentaries, please check your answers. The assignments and the commentaries on these assignments constitute an important part of your study material for the examination.

8.7 Other assessment methods

There are no other assessment methods for this module.

8.8 The examination

Examination period

This module is a semester module. If you are registered for the first semester, you will write the examination in May/June 2018 and the supplementary examination will be written in October/November 2018. If you are registered for the second semester, you will write the examination in October/November 2018 and the supplementary examination will be written in May/June 2019.

The Examination Department will provide you with information regarding the examination in general, and on examination venues, examination dates and examination times.

Examination paper

You will write one two-hour paper. The paper counts 100 marks. Your examination mark out of 100 will be converted to a mark out of 80. Your year mark will be converted to a mark out of 20 (i.e. the mark obtained for Assignments 01 and 02) and will be added to your examination mark out of 80 to get to your final mark for this module. Remember, you have to obtain a subminimum of 40% in the examination before your year mark out of 20 (your mark for Assignments 01 and 02) will be taken into account.

For the examination, you are required to study the study guide, as well as all the tutorial letters you received during the semester.

To help you in your preparation for the examination, you will receive a tutorial letter that will explain the format of the examination paper, give you examples of questions that you can expect, and set out clearly what material you have to study for examination purposes.

Previous examination papers are not generally available to students.

9 FREQUENTLY ASKED QUESTIONS

1. How do I apply for an aegrotat examination?

Answer: You need to contact the examinations department. Please note that aegrotat examinations are afforded upon application only. Aegrotat examinations are only provided under exceptional circumstances. You will be required to provide an acceptable reason for your absence from the examination and be required to provide documentary proof. See the brochure **STUDY@UNISA** for further information.

2. I am going to write an aegrotat or supplementary exam. Will I receive any new study material?

Answer: No. Only students registered for the current semester will receive study material and be able to access the module information on *myUnisa*. Please note that you will only be tested on the material that you have received. Please ensure that you keep your study material in order to prepare for the upcoming examination.

3. Should I submit Assignment 01 for this module?

Answer: The first assignment is compulsory. If you do not submit the first assignment you will not be admitted to the examination. This assignment also contributes to your year mark, but should you not obtain a pass result, you will still be admitted to the examination.

4. Should I submit Assignment 02 for this module?

Answer: You are advised to submit both assignments for this module. Although only Assignment 01 is compulsory and failure to submit Assignment 02 will not result in your being refused admission to the examination, failure to complete and submit Assignment 02 timeously will have a negative impact on your year mark. Please note that the year mark (ie the assignment results) is only taken into consideration in determining your final result if you achieve the 40% subminimum for the examination.

5. I did very well in the assignments. However, the exam did not go well. There seems to have been a mistake, since I have received my final result and I have failed.

Answer: The assignments are all done at home where you have the benefit of using your study material in formulating your answers. It is very common for students to do well in the assignments but fail to prepare adequately for the 2-hour closed book written examination. Please ensure that you spend enough time revising the work before the examination.

In addition, please note the composition of the final mark for the module as indicated in this tutorial letter. The examination counts 80% towards your final year mark.

The two assignments each contribute 10% to your year mark. Keep in mind that if you got less than 40% in the examination, your year mark (ie your assignment results) will not be considered.

6. Where do I find information regarding the structure of the examination?

Answer: You will find information regarding the structure of the examination in Tutorial Letter 103.

7. How can I reach the lecturers for this module?

Answer: The lecturers' details are provided in Tutorial Letter 103. You may phone, send an e-mail or make an appointment to see any of the lecturers involved in the module. Please note that should your enquiry not be of an academic nature (ie about the content of the prescribed work) you should contact the relevant administrative department.

Please consult Tutorial Letter 301 for details of the Assignment Department, Examinations Department and Despatch.

8. How can I ensure that I work through all the prescribed work for this module?

Answer: Draw up your own schedule to ensure that you cover the course content. Allow sufficient time for revision. Your course has been designed in such a way that it should take about 120 hours (10 hours per week) to get through the work.

9. How, when and where do I submit the assignments?

Answer: You can submit your assignment at any time before the due date by mail, by dropping it into a Unisa assignment box on the main campus or a regional campus, or electronically via *myUnisa*. Please ensure that you keep a copy of your assignment. Do not leave the submission of your assignments until the last day. Avoid the possibility of experiencing difficulties in submitting the assignment on time, especially if you intend to submit it via *myUnisa*.

10. What work must I focus on for the examination?

Answer: You need to study all the prescribed work for the module, including all the tutorial letters that you received during the semester.

10 IN CLOSING

We trust that you will enjoy studying this module and that you will find the knowledge you gain in the process to be of great value. We wish you the best with your studies.

11 ADDENDUM A: FIRST-SEMESTER ASSIGNMENTS

a) Assignment 01

ASSIGNMENT 01 FOR FIRST-SEMESTER STUDENTS

Due date: 7 March 2018

Unique number: 707021

You must submit this assignment in time to stay registered for this module and to be admitted to the examination!

1. The registration of businesses, small or large is essential for a number of purposes. What are those purposes and why? (10)
2. Can an employee carry out a task that was not listed in his job description? (5)
3. Link the statements in the left column with the correct answers in the right column. (5)

3.1	If an employee has been employed for 4 weeks or less.	A	Four weeks notice of termination of employment is required
3.2	An employee is entitled to 21 days paid annual leave.	B	Saturdays
3.3	A fixed term contract that is continuously renewed upon expiry is commonly known as	C	One week notice of termination of employment is required
3.4	The employee shall be paid at the rate of double his/her daily wage/salary for work done.	D	Two weeks notice of termination of employment is required
3.5	If an employee has been employed for 1 year or more.	E	After every 12 months of continuous service.
		F	After every 6 weeks during every leave cycle of 36 months.
		G	Sundays
		H	Rolling over contract

TOTAL: [20 Marks]

b) Assignment 02**ASSIGNMENT 02 FOR FIRST-SEMESTER STUDENTS****Due date: 11 April 2018****Unique number: 896591**

You must submit this assignment in time in order for your assignment to count towards your final year mark! Please complete all questions and ensure that you submit the correct assignment (i.e. the assignment for the semester you are registered for).

Fikile wants to open a clothing shop that sells unique designs to the public. He will need to buy machinery to manufacture the clothing. He decides that he wants to make the shop more inviting by opening a small coffee shop where the customers can enjoy refreshments and snacks like cake and fruit salad. He does comprehensive calculations and budget projections which reveal that his turnover in the first year will be around R650 000. He will need to employ one person fulltime to work in the coffee shop.

1. Will Fikile be required to apply for a business license for either the clothing store or the coffee shop? Explain your answer. (3)
2. Will Fikile be required to register as a Value Added Tax (VAT) vendor? Explain your answer. (3)
3. What would be the most beneficial income tax system for Muthu's businesses: the standard income tax system or turnover tax? Explain why you choose this system. (4)
4. Calculate the amount of income tax that would be payable to the South African Revenue Service (SARS) if Fikile elects to be taxed on turnover instead of taxable income. (4)
5. Will Fikile be able to write-off the costs of the machinery required to manufacture the clothing or the furniture that is required to start the coffee shop? Explain your answer. (6)

TOTAL: [20 Marks]

12 ADDENDUM B: SECOND-SEMESTER ASSIGNMENTS

a) Assignment 01

ASSIGNMENT 01 FOR SECOND-SEMESTER STUDENTS

Due date: 24 August 2018

Unique number: 744070

You must submit this assignment in time to stay registered for this module and to be admitted to the examination!

1. For each of the following legal structures, indicate whether they have to file annual returns with the Companies and Intellectual Property Commission register the South African Revenue Services.
 - 1.1 Sole proprietorship (2)
 - 1.2 Partnership (2)
 - 1.3 Close Corporations (3)
 - 1.4 Company (3)
2. With reference to the four pieces of legislation listed below, name the fund to which contributions are to be made.
 - Unemployment Insurance Act
 - Skills Development Levies Act (SDL)
 - Occupational Health and Safety Act (OHSA)
 - Compensation for Occupational Injuries and Diseases Act (COIDA) (4)
3. Link the statements in the left column with the correct answers in the right column. (6)

3.1	The employee shall be paid at the rate of double his/her daily wage/salary for work done.	A	Letter of Appointment
3.2	This document must be given to the employee on the first day of employment	B	The unfair recognition of a union by an employer
3.3	When one or more trade unions and one or more employer's organisation come together to form the council.	C	Four weeks notice of termination

3.4	Unfair labour practice	D	Public Holidays
3.5	Arbitration	E	Bargaining Council
3.6	If an employee has been employed for 1 year or more.	F	The unfair conduct of the employer relating to the provision of benefits to an employer
		G	Employment Contract
		H	Giving evidence by the employee and employer

TOTAL: [20 Marks]

a) Assignment 02

ASSIGNMENT 02 FOR SECOND-SEMESTER STUDENTS

Due date: 31 August 2018

Unique number: 831735

You must submit this assignment in time in order for your assignment to count towards your final year mark! Please complete both questions and ensure that you submit the correct assignment (i.e. the assignment for the semester you are registered for).

Maggie wants to start a small shop in her neighbourhood that sells brown bread, milk and fresh fruit and vegetables. After making comprehensive budget projections, she decides to start this business in a room in her house that she currently rents out because she will make more profit from the shop than the rental income provides. Her budget calculations show that she can expect a gross income of around R360 000 for the first year of business.

1. Would you advise Maggie to register her business for turnover tax? Discuss the benefits of turnover tax for Maggie's business and state whether she qualifies for this system of taxation. (5)
2. Discuss the different categories of Value-Added Tax (VAT) registration for vendors and explain which category Maggie falls into. (5)
3. Is Maggie required to levy VAT on the products she wishes to sell? (2)
4. Is Maggie required to levy VAT on the rental income that she has been earning? (2)
5. Will Maggie be required to obtain a business license before she starts operating? Explain your answer. (2)
6. Would you advise Maggie to register as a provisional taxpayer? Explain your answer by discussing how this system of taxation would benefit Maggie. (4)

TOTAL: [20 Marks]