Study chapter 5 in your prescribed book and answer the following questions

1. Identify the requirements for general deductions in terms of Section 17.

2. B. Books, a local book dealer, entered the following transactions in the "remuneration" account:

   Salaries  N$100,000  
   Contributions to pension fund  N$ 4,000  
   Provision for bonuses for full time staff  N$ 4,000  
   Provision for pay out of accumulated leave  N$11,000  

   The service contract does not provide for the encashment of accumulated leave. Bonuses to employees are only payable if that employee is still in service of B. Books by year end.

3. Mr. Smith, the production manager of Fruit Products Ltd, travelled to the United States of America for the purposes of purchasing a new machine for the factory. He found that the machine was not suitable and returned without purchasing the machine. The entire amount of travelling expenses, N$20,000, was claimed as a deduction in its current year of assessment.

4. Quick Sell entered into an advertising agreement. The contract was for a period of 5 years. The entire amount of N$15,000 was paid in the 1st year. They deducted the entire N$15,000 from their income in the current year of assessment.

5. Anna, a single parent, is employed at B. Brakes. Her 2 year old daughter is in day care during the day, for which she pays N$500 per month. She deducted from her income in this year the N$6000 paid to the day care facility.

6. Chris, an estate agent, runs his business from home. He deduct from his income in this year of assessment, N$6,000 being telephone costs. Chris does not make use of an extra telephone line for the business, and is only using the one line for business and private calls.

7. Compensation was paid by Anna, the owner of a laundry in town. Two jackets were lost at the premises, whilst in her care.

8. Philip, the owner of a super market, sold brandy to a customer on a Sunday morning. He was fined for contravening the regulations. He deducted this fine from his income.

End
Chapter 5

General deduction formula

Study chapter 5 in your prescribed book and answer the following questions

1. Identify the requirements for general deductions in terms of Section 17.

2. B. Books, a local book dealer, entered the following transactions in the "remuneration" account:

   Salaries: N$100,000
   Contributions to pension fund: N$4,000
   Provision for bonuses for full time staff: N$4,000
   Provision for pay out of accumulated leave: N$11,000

   The service contract does not provide for the encashment of accumulated leave. Bonuses to employees are only payable if that employee is still in service of B. Books by year end.

3. Mr. Smith, the production manager of Fruit Products Ltd, travelled to the United States of America for the purposes of purchasing a new machine for the factory. He found that the machine was not suitable and returned without purchasing the machine. The entire amount of travelling expenses, N$20,000, was claimed as a deduction in its current year of assessment.

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End