

## VAT

### **Question 1** (VAT-calculations; 20 marks, 10 minutes)

You are provided with information regarding Vusi Stores.

#### **REQUIRED:**

- 1.1 Use the table provided to determine the amount for VAT payable to SARS regarding the transactions which occurred during May 2018. Indicate in each instance whether it is input-tax which can be claimed back or whether it is output-tax which must be paid over to SARS. Calculate in the end the net amount payable to SARS. (20)

#### **INFORMATION:**

1. All amounts include VAT of 14%.
2. When stock is returned to creditors, the input-tax which can be claimed back will decrease.
3. When stock is returned by debtors, the output-tax payable to SARS will decrease.
4. The following transactions occurred during May 2018:

<b>Transaction</b>	<b>Amount (VAT inclusive)</b>
Trading stock bought for cash	R41 040
Stock bought on credit	63 840
Stock returned to creditors	6 954
Stock taken by the owner for personal use	2 850
Cash sales of stock	291 840
Credit sales of stock	214 320
Stock returned by debtors	25 080
Bad debts written off	13 110

<b>Transaction</b>	<b>Amount (VAT inclusive)</b>	<b>VAT- input</b>	<b>VAT-output</b>
Trading stock bought for cash	R41 040		
Stock bought on credit	63 840		
Stock returned to creditors	6 954		
Stock taken by the owner	2 850		
Cash sales of stock	291 840		
Credit sales of stock	214 320		
Stock returned by debtors	25 080		
Bad debts written off	13 110		
Totals for VAT-input and VAT-output			
Net amount payable to SARS			

## VAT

### **Question 2** (VAT-theory and calculations, 20 marks; 12 minutes)

The information provided concerns Zoid Stores for April 2018.

#### **REQUIRED:**

- 2.1 Explain the difference between VAT-input and VAT-output. (4)
- 2.2 Calculate the amount for VAT-input. (7)
- 2.3 Calculate the amount for VAT-output. (6)
- 2.4 Determine the net amount payable to SARS regarding VAT on 30 April 2018. (3)

#### **INFORMATION:**

1. The rate at which VAT is being charged is 14%.
2. The following transactions regarding VAT occurred during April 2018:

Transactions	VAT exclusive	VAT inclusive
Stock bought on credit	560 000	
Equipment bought and paid for by cheque		364 800
Sale of stock for cash	490 000	
Stock returned by clients	15 200	
Discount allowed to debtors		1 710
Withdrawal of stock by the owner	9 300	
Bad debts		6 840
Stationery bought on credit	14 300	
Sale of stock on credit		980 400
Discount received from creditors	3 000	
Stock returned to creditors		28 500

2.1 Explain the difference between VAT-input and VAT-output.

2.2 Calculate the amount for VAT-input.

2.3 Calculate the amount for VAT-output.

2.4 Determine the net amount payable to SARS regarding VAT on 30 April 2018.

## VAT

### **Question 3** (VAT-calculations; 15 marks, 9 minutes)

The following information concerns Donald Traders regarding September 2018.

#### **REQUIRED:**

- 3.1 Use the table provided to determine the amount of VAT payable to SARS regarding transactions which occurred during September 2018. (15)

#### **INFORMATION:**

- All amounts include VAT at a rate of 14%.
- The following transactions occurred in the records of Donald Traders during September 2018:

<b>Transaction</b>	<b>Amount (VAT inclusive)</b>
Stock bought for cash	R78 660
Stock bought on credit	71 136
Equipment bought on credit	41 040
Stock returned to creditors	6 156
Discount received from creditors	4 788
Stock withdrawn by owner for personal use	2 736
Cash sales of trading stock	165 300
Credit sales of trading stock	151 620
Stock returned by debtors	13 680
Discount allowed to debtors	1 824
Bad debts written off	4 674

<b>Transaction</b>	<b>Amount (VAT inclusive)</b>	<b>VAT – input</b>	<b>VAT - output</b>
Stock bought for cash	R78 660		
Stock bought on credit	71 136		
Equipment bought on credit	41 040		
Stock returned to creditors	6 156		
Discount received from creditors	4 788		
Stock withdrawn by owner for personal use	2 736		
Cash sales of trading stock	165 300		
Credit sales of trading stock	151 620		
Stock returned by debtors	13 680		
Discount allowed to debtors	1 824		
Bad debts written off	4 674		
Totals for VAT-input and VAT-output			
Net amount payable to SARS			

## VAT

### **Question 4** (VAT-calculations; 12 marks, 7 minutes)

You are provided with information from the financial records of Bafana Traders.

#### **REQUIRED:**

- 4.1 Determine the amount for VAT payable to SARS on 30 June 2018. (10)
- 4.2 SARS launched an investigation regarding the previous VAT-return submitted by the business. They informed the business of deposits amounting to R120 000, which appeared on the bank statement, were not declared as sales. Provide TWO examples of items which are excluded from being taxed with VAT. (2)

#### **INFORMATION:**

- The VAT-rate is 14%.
- The following amounts concern transactions which occurred during June 2018:

<b>VAT – return amounts for June 2018</b>	
Total cash- and credit sales (VAT exclusive)	786 000
Total purchases (VAT inclusive)	478 800
Total returns to creditors (VAT inclusive)	27 360
New vehicle purchased for cash (VAT inclusive)	182 400

4.1 Determine the amount for VAT payable to SARS on 30 June 2018.

4.2 Provide TWO examples of items which are excluded from being taxed with VAT.

## VAT

### **Question 5** (VAT-calculations; 20 marks, 12 minutes)

You are provided with information regarding Galant Stores for May 2018.

#### **REQUIRED:**

- 5.1 Calculate the amount for VAT-input. (8)
- 5.2 Calculate the amount for VAT-output. (8)
- 5.3 Determine the net amount for VAT payable to/receivable from SARS on 31 May 2018. (4)

#### **INFORMATION:**

- 1. VAT is being charged at the standard rate of 14%.
- 2. The following transactions for May 2018 appeared in the records of Galant Stores:

<b>Transactions</b>	<b>VAT exclusive</b>	<b>VAT inclusive</b>
Stock bought on credit	820 000	
Equipment bought and paid for by cheque		980 400
Sale of stock for cash	360 000	
Stock returned by clients	6 400	
Discount allowed to debtors		2 622
Withdrawal of stock by the owner	7 300	
Bad debts		6 555
Stationery bought on credit	34 000	
Sale of stock on credit		296 400
Discount received from creditors	3 100	
Stock returned to creditors		13 224

5.1 Calculate the amount for VAT-input.

5.2 Calculate the amount for VAT-output.

5.3 Determine the net amount for VAT payable to/receivable from SARS on 31 May 2018.

## VAT

### **Question 6** (VAT concepts and calculations; 15 marks, 9 minutes)

You are provided with information regarding Boris Traders. The business makes payments regarding VAT to SARS every two months.

#### **REQUIRED:**

- 6.1 What does the abbreviation VAT stand for? (2)
- 6.2 What is the VAT-rate being charged on necessities such as brown bread, milk and fresh fruit and vegetables? (2)
- 6.3 What is the current standard rate at which VAT is being charged in South-Africa? (2)
- 6.4 Determine the final amount for VAT payable to SARS on 31 July 2018? (9)

#### **INFORMATION:**

Transactions for July 2018	VAT inclusive	VAT exclusive	VAT amount
Balance owed to SARS on 1 July 2018			17 800
Cash- and credit sales invoices issued	1 048 800		
Purchases of trading stock		624 000	
Defective stock returned to suppliers	19 266	16 900	
Discount allowed to debtors for early payment		18 000	
Equipment purchased	165 300		
Credit notes issued to debtors	44 346		
Discount received from creditors for timely payments	9 804		
Withdrawal of stock by the owner		24 000	
Bad debts	16 530		

6.1 What does the abbreviation VAT stand for?

6.2 What is the VAT-rate being charged on necessities such as brown bread, milk and fresh fruit and vegetables?

6.3 What is the current standard rate at which VAT is being charged in South-Africa?

6.4 Determine the final amount for VAT payable to SARS on 31 July 2018?