

Example 22.5

(30 minutes)

Zanger Traders Ltd is a resident of the Republic. It carries on business as a retailer from its head office in South Africa. It also operates a depot in Harare, Zimbabwe, from where sales are made to customers living in Zimbabwe. This depot in Zimbabwe is not regarded as an independent branch. Zanger Traders Ltd is registered as a "Category A" vendor.

The following amounts include VAT, when applicable:

	July	August	September
	R	R	R
Receipts			
Cash sales of merchandise to "local" customers from the South African head office	160 600	196 650	174 534
Payment received in advance from a "local" customer for goods delivered and invoiced on only 6 October 2012			18 240
Cash sales from the depot in Zimbabwe to Zimbabwean customers. These goods were forwarded to the depot on 15 July 2012 and were all sold by 31 October 2012.	15 400	16 500	23 100
Indemnity award received on an insurance claim for trading stock stolen in transit to a "local" customer		38 874	
Interest earned on a loan to a subsidiary company in South Africa.		12 000	
Expenses			
Salaries	46 200	41 800	47 300
Rates on the business property	495	495	495
Electricity and water	693	695	673
Telephone	352	479	331
Purchases of trading stock	88 000	82 080	94 620
Cost of entertaining important customers at various restaurants in Johannesburg		6 600	
Purchase of a new delivery vehicle			
• Cash cost		205 200	
• Finance charges paid		5 500	5 500
Purchase of a new motor car. Its use has been given to the sales manager as a fringe benefit from 1 September 2012 (all costs relating to this motor car will be paid by Zanger Traders Ltd).		239 400	
Petrol for delivery vehicles and the sales manager's motor car	605	660	737
Maintenance of delivery vehicles and the sales manager's motor car	715	1 472	570

YOU ARE REQUIRED TO calculate the VAT payable by, or refundable to, Zanger Traders Ltd for its latest tax period.