Province of the EASTERN CAPE
DEPARTMENT OF EDUCATION
CURRICULUM MANAGEMENT

GRADE 12 ACCOUNTING: REVISION WORKSHEET

VAT: Concepts and Calculations

QUESTION 1:

VAT

1.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number ((a)–(d)) in the ANSWER BOOK.

(a) VAT paid to a service provider for the purchase of goods is (input VAT/output VAT).

(b) A (debit/credit) balance in the VAT Control Account would reflect amount payable to SARS.

(c) VAT on drawings of stock will (increase/decrease) the VAT payable to SARS.

(d) VAT will not be accounted for by the business on payment of (salaries/electricity). (4)

1.2 Calculate the VAT amounts.

Make/Draw a cross (X) in the relevant column in the ANSWER BOOK to indicate whether it will increase or decrease the amount owed to SARS. All items are subject to 14% VAT.

No.	JOURNAL	DOCUMENT	VAT EXCLUSIVE AMOUNT	VAT INCLUSIVE AMOUNT
(a)	DAJ	Credit note issued	R1 600	R1 840
(b)	CRJ	Cash register tape	R8 700	
(c)	CJ	Invoice received		R10 465

(9)

QUESTION 2:

The information relates to Creamline Traders for the two-month VAT period ended on 31 August 2016. All items are subject to 15% VAT.

REQUIRED:

Calculate the amount receivable from or payable to SARS for VAT on 31 August 2016. Indicate whether the amount is receivable or payable. (You may complete a VAT Control Account.) (10)

INFORMATION:

A. Amount owed to SARS for July 2016, R14 250.

B. Details in respect of VAT for August 2016:

DETAILS	EXCLUDING VAT	VAT	INCLUDING VAT
Merchandise purchased/Expenses paid	R198 000		R227 700
Goods taken by owner for personal use		R3 150	
Returns by debtors		R1 200	
Debtors' accounts written off	R9 500		
Total sales			R335 800

QUESTION 3:

3.1 VAT CONCEPTS

Change the underlined parts in the following sentences to make the statements TRUE. Write the answer next to the question number (3.1.1–3.1.3) in the ANSWER BOOK.

3.1.1 Input VAT is VAT charged to customers. (1)

3.1.2 VAT is payable to the South African Reserve Bank. (1)

3.1.3 VAT is charged at 15% on fruits and vegetables. (1)

3.2 VAT CALCULATIONS

Wandile Traders is a VAT registered business. The standard rate of VAT is 15%.

REQUIRED:

Calculate the correct amount of VAT the business has to pay. Show ALL workings. (12)

INFORMATION:

The bookkeeper, Felix, prepared the VAT Control Account for the tax period ended 31 May 2015 and arrived at a VAT payable amount of **R43 820**.

However, the internal auditor has identified the following errors and omissions which must still be brought into account to calculate the correct VAT payable amount:

A.	Sales invoices omitted from the Debtors' Journal, including VAT	R11 040
B.	Damaged goods returned to suppliers, excluding VAT	18 600
C.	VAT on sundry business expenses omitted	7 305
D.	VAT on discounts received from suppliers	810
E.	VAT on bad debts recovered	120
F.	VAT on bad debts recorded on the wrong side of the VAT Control Account	96

QUESTION 4:

Thanda Traders is a VAT-registered business. All items are subject to VAT at 15%.

REQUIRED:

4.1 Calculate the amount of VAT either receivable from or payable to SARS on 31 July 2016. Indicate whether this amount is receivable or payable. (9)

4.2 The owner wants to change the VAT amount on bad debts from R840 to R4 200. Give ONE reason why you would disagree with him. (2)

INFORMATION:

The following transactions relate to Thanda Traders for the VAT period ended 31 July 2016:

A	Balance owing by SARS on 1 July 2016	R16 800
B	Purchase of trading stock (VAT exclusive)	R825 000
C	Cash and credit sales (VAT inclusive)	R1 552 500
D	VAT on discount received from suppliers	R1 350
E	VAT on bad debts written off	R900

QUESTION 5:

5.1 Indicate whether the following statements are TRUE or FALSE.

5.1.1	VAT paid by a business on goods purchased is called VAT input.
5.1.2	It is compulsory for all businesses to register for VAT.
5.1.3	VAT returns to SARS are submitted after every six months of trading activities.

(3)

5.2 The information relates to Super Stores for the VAT period ended 29 February 2016 (two months). The standard VAT rate is 15%.

REQUIRED:

5.2.1 Taking into account the errors and omissions, calculate the VAT amount that is either payable to or receivable from SARS. (12)

5.2.2 The internal auditor discovered that the owner, Nelson, used the VAT collected from customers to pay salaries and bonuses; therefore, he could not meet the VAT deadline. What comment would you offer Nelson concerning this practice? State ONE point. (2)

INFORMATION:

A. Amount due to SARS on 1 February 2016, R44 800.

B. Amounts from the journals on 29 February 2016:

	INCLUDING VAT	VAT AMOUNT
Sales	531 300	69 300
Credit purchases of stock	212 750	27 750
Stock returned by debtors	52 900	6 900
Bad debts written off	40 250	5 250

C. The following errors and omissions were noted:

- Stock taken by the owner, cost price R6 000 (excluding VAT), has not been recorded.
- VAT on sales was recorded incorrectly. Certain goods with a selling price of R50 000 (excluding VAT) should have been recorded as zero-rated items.
- VAT on discounts granted to debtors was not recorded. The total discounts allowed amounted to R16 675

QUESTION 6:

The information relates to Aqua Stores for the period ended 31 July 2017. Goods sold are subject to 15% VAT.

REQUIRED:

6.1 Calculate the VAT amount that is either receivable from or payable to SARS on 31 July 2017. (11)

6.2 Nomvula has ordered goods with a marked price of R35 000 from Beta Suppliers. The sales director of Beta Suppliers offered these goods to Nomvula for R15 000, provided that they do not have to issue an invoice. Comment on the offer made by Jim. State TWO points. (4)

INFORMATION:

A. Amount owed by SARS on 1 July 2017, R27 200.

B. Amounts from the Journals on 31 July 2017:

DETAILS	EXCLUDING VAT	VAT AMOUNT	INCLUDING VAT
Total sales	R480 000	R72 000	R552 000
Purchases of stock	159 000	23 850	182 850
Stock returned by debtors	15 000	?	17 250
Accounts written as bad debts	?	?	25 300

C. The following transactions were not taken into account:

- Stock taken by the owner, cost price R9 000 (excluding VAT).
- VAT on discount received from suppliers, R32 200, including VAT.