

[Table of Contents](#)

16. Income taxes

Income tax expense (benefit) for the three months ended March 31, 2015 and 2014 consists of the following:

| Figures in ZAR '000 | March 31, 2015 | March 31, 2014 |
|--|---------------------------|---------------------------|
| Current | — | — |
| Deferred | 42,939 | — |
| Benefits of operating loss carryforwards | (45,902) | — |
| | (2,963) | — |

Effective tax rate

In general, we record income tax expense (benefit) each quarter based on our best estimate as to the full year's effective tax rate.

The significant reconciling items have been noted below:

| % | March 31, 2015 | March 31, 2014 |
|---------------------------------|---------------------------|---------------------------|
| Income tax on SA statutory rate | 28 | 28 |
| Permanent items | (4.4) | (58.9) |
| Change in valuation allowance | (2.2) | 30.9 |
| Change in prior period amounts | (36.2) | — |
| Effective benefit rate | 14.8 | — |

Deferred taxes

Deferred income taxes for the Operating Entities' taxable project entities reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

F-102