7. Taxation

7.1 Income tax expense

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at year-end in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Uncertain tax positions are considered by the Group at the level of the individual uncertainty or group of related uncertainties.

Critical accounting estimates and assumptions

As with any enterprise, the Group faces uncertainties in the markets in which it operates and over which it has little or no control. The Group is subject to income tax in numerous jurisdictions and judgement is required in determining the provision for tax.

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Amounts accrued are based on management's interpretation of country-specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised. Future taxable income is estimated based on business plans which include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

	2016 R'000	2015 R'000
Current tax	**305 420**	275 768
Current year	**305 652**	276 297
Adjustment in respect of prior years	**(232)**	(529)
Deferred tax	**13 363**	(10 271)
Current year	**14 749**	(9 845)
Adjustment in respect of prior years	**(1 386)**	(426)
	318 783	265 497
Profit before tax	**1 050 395**	846 690
Tax at 28%	**294 111**	237 073
Income of a capital nature	**—**	(6 219)
Fair value adjustments	**(10 829)**	1 675
Expenditure of a capital nature	**9 082**	4 138
Other income not subject to tax	**(5 238)**	(9 639)
Other expenses not deductible for tax purposes	**8 090**	610
Capital gains tax	**2 431**	8 698
Tax effect of assessed losses not recognised	**2 467**	7 901
Share of losses from associates and joint ventures	**20 096**	22 215
Adjustment in respect of prior years	**(1 618)**	(955)
Effect of different tax dispensations	**191**	—
Tax charge	**318 783**	265 497
Effective tax rate (%)	**30**	31