FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements continued

for the year ended 30 September 2018

8. Tax

	2018 US$'000	2017 US$'000
Corporate income tax for the year		
Cyprus	2 913	1 554
South Africa	3 002	2 596
	5 915	4 150
Special contribution for defence in Cyprus	5	4
Deferred tax		
Originating and reversal of temporary differences (note 13)	7 933	19 162
Dividend withholding tax	158	–
Tax charge	14 011	23 316
Reconciliation between tax charge and accounting profit at applicable tax rates		
Profit before tax	64 983	90 989
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	10 181	23 165
Non-taxable income		
Profits on revaluation of intergroup US$ denominated preference shares	–	(695)
Gain on bargain purchase	(516)	–
Intergroup dividends received	(4 300)	(2 423)
Interest received	(13)	(6)
Non-deductible expenses		
Losses on revaluation of intergroup US$ denominated preference shares	4 070	–
Intergroup dividends paid	3 001	2 415
Investment related	877	526
Interest paid	10	51
Capital expenses	161	170
Other	472	73
Recognition of deemed interest income for tax purposes	68	40
Tax charge	14 011	23 316

Tax is recognised on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the year.

Under certain conditions interest income may be subject to defence contribution at the rate of 30.0% in Cyprus. Such interest income is treated as non-taxable in the computation of corporation taxable income. In certain instances, dividends received from abroad may be subject to defence contribution at the rate of 17.0%.

The Group's consolidated effective tax rate for the year ended 30 September 2018 was 21.6% (2017: 25.6%).

At 30 September 2018, the Group's unredeemed capital balance available for offset against future mining taxable income in South Africa amounted to US$111.1 million (2017: US$99.6 million).

Special contribution for defence is provided in Cyprus on certain interest income at the rate of 30%. 100% of such interest income is treated as non-taxable in the computation of chargeable income for corporation tax purposes.

Other than Cyprus and South Africa, no provision for tax in other jurisdictions was made as these entities either sustained losses for taxation purposes or did not earn any assessable profits.