Notes to the consolidated annual financial statements – continued

for the year ended 31 March 2017

9 Taxation	Group 2017 Rm	Group 2016 Rm	Company 2017 Rm	Company 2016 Rm
	691	538	**65**	359
South African normal company taxation	**713**	574	**65**	359
Current taxation	**903**	586	**256**	371
Overprovision for prior year	**(190)**	(12)	**(191)**	(12)
Deferred taxation (refer to note 17)	**(50)**	(15)	**–**	–
Capital allowances	**241**	77	**261**	88
Provision other allowances	**(307)**	(92)	**(261)**	(88)
Tax losses	**35**	–	**–**	–
Acquisition of BCX	**(19)**	–	**–**	–
Withholding tax	**4**	1	**–**	–
Common control transaction	**24**	(22)	**–**	–

The higher group taxation is mainly due to the prior financial year being lower as a result of reduced assessments issued to Telkom company, the reversal of provisions and the higher taxable profits.

Reconciliation of taxation rate	Group 2017 %	Group 2016 %	Company 2017 %	Company 2016 %
Effective rate	**15.20**	18.8	**1.4**	12.2
South African normal rate of taxation	**28.0**	28.0	**28.0**	28.0
Adjusted for:	**(12.8)**	(9.2)	**(26.6)**	(15.8)
Exempt income	**(3.1)**	(4.4)	**(14.0)**	(9.9)
Dividends received	**–**	–	**(0.9)**	(6.0)
Profit on sale of disposal	**(0.8)**	–	**(10.7)**	–
Other exempt income*	**(2.3)**	(4.4)	**(2.4)**	(3.9)
Disallowable expenditure	**6.3**	6.5	**3.8**	4.5
Capital expenditure	**2.6**	–	**0.8**	2.0
Other disallowed expenditure**	**3.7**	6.5	**3.0**	2.5
Foreign tax	**0.1**	–	**–**	–
Deferred tax asset limitation***	**(14.0)**	(10.2)	**(14.0)**	(10.1)
Recoupment	**0.3**	–	**–**	–
Common control transaction (refer to note 11)	**0.1**	(0.8)	**–**	–
Net overprovision for prior year	**(2.5)**	(0.3)	**(2.4)**	(0.3)

* *Other exempt income mainly consists of capital profit on sale of assets.*
** *Other disallowable expenditure mainly includes professional fees and legal fees which are not tax deductible.*
*** *Deferred tax recognised as a result of the reassessment of the deferred tax asset.*

The current year lower effective tax rate is mainly due to the effect of the deferred tax asset limitation and the overprovision for tax relating to prior years.