

Test Bank, Tax Accounting (1):

Choose the right answer A, B, C or D

Use the following information for questions 1-3.

The following are taxable revenues of an individual resident in Egypt 2016: L.E.90000 profits from commercial activity (of which L.E.20000 realized abroad), L.E.15000 profits from non-commercial professions, L.E.3700 revenues of real estate wealth, L.E.45000 salaries.

If you learn that:

- a. Egypt is the center of his commercial activity.
- b. Amount deducted from taxpayer under account of tax during the year is L.E.2000.
- c. Building tax paid during the year was L.E.200.
- d. The foreign tax paid during year was L.E.3000.

1. The total taxable revenue (tax base) is:

- A) L.E.150000
- B) L.E. 153500
- C) L.E.153700
- D) L.E.153900

Answer: B

2. The total tax due is:

- A) L.E.22825
- B) L.E.22800
- C) L.E.22850
- D) L.E.22700

Answer: A

2. The total tax payable is:

- A) L.E.17825
- B) L.E.22825
- C) L.E.17850
- D) L.E.22850

Answer: C

Use the following information for questions 4-6.

The following are taxable net revenues of person resident in Egypt, year 2016:

L.E.80000 profits of commercial activity (of which L.E.30000 total profits realized abroad in the state x), L.E.21000 revenues of real estate wealth.

If you learn that:

- a. Taxpayer realized losses of L.E.10000 from commercial activity in state y.
- b. Amount deducted from taxpayer under account of tax during the year is L.E.4500.
- c. The foreign tax paid during year at rate of 30%.
- d. Building tax paid during the year was L.E.1000.

4. The total taxable revenue (tax base) is:

- A) L.E.80000
- B) L.E.100000
- C) L.E.60000
- D) L.E.20000

Answer: B

5. The total tax due is:

- A) L.E.12150
- B) L.E.12175
- C) L.E.12100
- D) L.E.12125

Answer: D

6. The total tax payable is:

- A) L.E.3988
- B) L.E.3900
- C) L.E.3125
- D) L.E.3918

Answer: A

Use the following information for questions 7-13.

An employee in a governmental unit receives the following amounts during the month of April, 2020:

- a. L.E.3000 basic salary (including L.E.500 special increments of which L.e.200 paid after 1/7/2014).
- b. L.E.400 work nature allowance.
- c. L.E.350 representation allowance.
- d. L.E.250 social increment.
- e. L.E.250 transportation allowance.

if you learn that:

- a. The employee pays monthly life insurance premium L.E.500.
- b. He pays annually L.E.2000 a subscription in special insurance fund.

7. The monthly employee's share in social insurance subscription is:

- A) L.E.550
- B) L.E.220
- C) L.E.330
- D) L.E.440

Answer: D

8. The total revenues are:

- A) L.E.48000
- B) L.E.51000
- C) L.E.36000
- D) L.E.45000

Answer: B

9. The total deductions are:

- A) L.E.28080
- B) L.E.22920
- C) L.E.25080
- D) L.E.19080

Answer: A

10. The net revenue is:

- A) L.E. 28080
- B) L.E.51000
- C) L.E. 22920
- D) L.E. 19080

Answer: C

11. The taxable net revenue is:

- A) L.E. 19482
- B) L.E.14920
- C) L.E. 12920
- D) L.E. 20482

Answer: A

12. The annual tax due is:

- A) L.E.9
- B) L.E. 112
- C) L.E.150
- D) L.E.130

Answer: B

13. The monthly tax due is:

- A) L.E.130

- B) L.E. 112
- C) L.E.150
- D) L.E.9

Answer: D

Use the following information for questions 14-13.

An employee in a private company receives the following amounts during the month of May, 2020:

- a. L.E.4000 basic salary (including L.E.400 special increments of which L.e.100 paid after 1/7/2014).
- b. L.E.500 work nature allowance.
- c. L.E.400 representation allowance.
- d. L.E.100 social increment.
- e. L.E.500 transportation allowance.

if you learn that:

- a. He received an incentive bonus of L.E.5000 on month of May.
- b. The employee pays annually life insurance premium L.E.5000.
- c. He pays annually L.E.2000 a subscription in special insurance fund.

14. The monthly employee's share in social insurance subscription is:

- A) L.E.550
- B) L.E.220
- C) L.E.330
- D) L.E.440

Answer: A

15. The total revenues are:

- A) L.E.48000
- B) L.E. 66000
- C) L.E.60000
- D) L.E.30000

Answer: B

16. The total deductions are:

- A) L.E.17400
- B) L.E.20400
- C) L.E.39600
- D) L.E. 26400

Answer: D

17. The net revenue is:

- A) L.E. 39600
- B) L.E. 26400

- C) L.E. 20400
 - D) L.E. 17400
- Answer: A

18. The taxable net revenue is:
- A) L.E.29600
 - B) L.E.32600
 - C) L.E. 33660
 - D) L.E. 39600
- Answer: C

19. The annual tax due is:
- A) L.E.62
 - B) L.E. 375
 - C) L.E.366
 - D) L.E.741
- Answer: D

20. The monthly tax due is:
- A) L.E.62
 - B) L.E. 375
 - C) L.E.366
 - D) L.E.741
- Answer: A

21. Tax due on incentive bonus is:
- A) L.E.125
 - B) L.E. 500
 - C) L.E.750
 - D) L.E.1000
- Answer: B

Use the following information for questions 22-23.

An employee was mandated to give a lecturer in Faculty of Commerce, Assiut University for total amount of L.E.2000.

22. The tax due is:
- A) L.E.0
 - B) L.E. 50
 - C) L.E.200
 - D) L.E.300
- Answer: C

23. The net amount received by the employee is:

- A) L.E.2200
- B) L.E. 1800
- C) L.E.2000
- D) L.E.2300

Answer: B

Use the following information for questions 24-26.

An Egyptian company in private sector concluded an agreement with a foreign expert to work in Egypt during 2020. The agreement included the following:

- a. Contract period is 3 months.
- b. He shall be paid in Egypt an amount of L.E.20000 per month.
- c. The company shall meet the cost of accommodation in one of the Egyptian hotels with amount of L.E.1500 per month.

24. The total revenues are:

- A) L.E. 64500
- B) L.E.55500
- C) L.E.57750
- D) L.E.61000

Answer: A

25. The total deductions are:

- A) L.E.57750
- B) L.E.2250
- C) L.E.4500
- D) L.E. 6750

Answer: D

26. The taxable net revenue is:

- A) L.E.60000
- B) L.E. 57750
- C) L.E.4500
- D) L.E. 6750

Answer: B

Use the following information for questions 27-32.

An Egyptian company in public sector concluded an agreement with a foreign expert to work in Egypt from 1/10/2020 to 15/7/2021 on the following terms:

- a. He shall be paid in Egypt an amount of \$200 per day.
- b. The company shall transfer \$300 per day to his account abroad.

c. The company shall meet the cost of accommodation in one of the Egyptian hotels with amount of L.E.500 per day.
If you learn that 1 \$ = L.E.15.

27. The total revenues for year 2020 are:

- A) L.E. 690000
- B) L.E.276000
- C) L.E.414000
- D) L.E. 736000

Answer: D

28. The total deductions for year 2020 are:

- A) L.E.46000
- B) L.E. 48262
- C) L.E.55000
- D) L.E. 37000

Answer: B

29. The taxable net revenue for year 2020 is:

- A) L.E. 687738
- B) L.E. 690000
- C) L.E.736000
- D) L.E. 733738

Answer: A

30. The total revenues for year 2021 are:

- A) L.E 588000
- B) L.E.1470000
- C) L.E.882000
- D) L.E.1568000

Answer: D

31. The total deductions for year 2021 are:

- A) L.E.98000
- B) L.E.107000
- C) L.E.102833
- D) L.E. 89000

Answer: C

32. The taxable net revenue for year 2021 is:

- A) L.E.1465167
- B) L.E.1568000
- C) L.E.1470000
- D) L.E.102833

Answer: A

Use the following information for questions 33-34.

A sole proprietorship purchased a building for L.E. 500000 on 1/4/2001. on 1/7/2004 the firm spent L.E. 100000 on an extension to the building. The building was sold on 30/9/2014 for L.E. 700000. The tax accumulated depreciation until the date of sale is L.E. 350000.

33. The book value of the building sold is:

- A) L.E.150000
- B) L.E.250000
- C) L.E.500000
- D) L.E. 800000

Answer: B

34. The taxable capital gain (or loss) is:

- A) L.E.550000
- B) L.E.450000
- C) L.E.200000
- D) L.E. (100000)

Answer: B

Use the following information for questions 35-36.

A sole proprietorship purchased a building for L.E. 180000 on 1/4/2010. The registration duties were L.E. 8000 and lawyer fees were L.E. 4000. On 1/4/2011, the firm renew the building for L.E. 20000. The building was sold on 31/12/2011 for total sale value L.E. 165000. The sale expenses were L.E. 15000.

If you learn that:

- 1- The annual maintenance and repair expenses amounted to L.E. 2000.
- 2- Annual tax depreciation of the building is 5%.

35. The book value of the building sold is:

- A) L.E.183500
- B) L.E.200000
- C) L.E.212000
- D) L.E. 194450

Answer: D

36. The taxable capital gain (or loss) is:

- A) L.E. (33500)
- B) L.E. (50000)
- C) L.E. (44450)
- D) L.E. (62000)

Answer: C

Use the following information for questions 37-39.

Accounting net profit (ANP) from the income statement, year 2020 was L.E. 90000. If you learn that:

a. Revenues in income statement included:

- 1- L.E. 4000; collected bad debts of which L.E. 3500 only approved by tax office.
- 2- L.E. 10000; compensation in favour of the firm for counterfeiting its trade name (noting that the amount collected in cash was L.E. 6000 only.
- 3- L.E. 5000; interest of installment sales.
- 4- L.E. 8000; profits of shares in private Egyptian stockholding company.
- 5- L.E. 15500; interests of bank deposits.
- 6- L.E. 11000; rent revenue of realty (the monthly rent is L.E. 1000).
- 7- L.E. 12000; Foreign currency variance which included L.E. 2000 from translation of foreign currency accounts.

37. The total amount of additions to the ANP is:

- A) L.E 12000
- B) L.E.10000
- C) L.E.11000
- D) L.E.9000

Answer: A

38. The total amount of deductions from ANP is:

- A) L.E.28000
- B) L.E.26000
- C) L.E.22000
- D) L.E. 30000

Answer: D

39. The taxable net profit (TNP) for year 2020 is:

- A) L.E.74000
- B) L.E.72000
- C) L.E.78000
- D) L.E.70000

Answer: B

Use the following information for questions 40-42.

The following data related to a sole proprietorship for the year ended 31/12/2020:

- 1- The total general and administrative expenses supported by documents were L.E.40000.
- 2- Expenses not supported by documents and charged to income statement were as follows: L.E.2000 gratuities (tips), L.E.800 cleaning expenses, and transportation expenses L.E.700.

40. Expenses not supported by documents, recognized by accounting are:

- A) L.E.2000
- B) L.E.2800
- C) L.E.3500
- D) L.E. 1500

Answer: C

41. Expenses not supported by documents and approved by tax office are:

- A) L.E.2800
- B) L.E.4000
- C) L.E.3500
- D) L.E. 3200

Answer: A

42. The effect of the above transaction on accounting net profit (ANP) is:

- A) L.E.800 deducted from ANP
- B) L.E.700 added to ANP
- C) L.E.1200 deducted from ANP
- D) L.E.300 added to ANP

Answer: B

Use the following information for questions 43-45.

The total interest expenses charged to income statement for the year 2020 was L.E.3000000. If you learn that:

1- The total loans which their interests charged to income statement were L.E.20,000000, detailed as follows:

- a. L.E.4000000 from natural person exempted from tax at annual interest rate 10%.
- b. L.E.12000000 from Misr Bank at annual interest rate 15%.
- c. L.E.4000000 other loans with annual interest rate 20%.

2- The interest and discount rate declared by Central Bank on 1/1/2020 was 9%.

43. The interest expenses not approved by tax office are:

- A) L.E.80000
- B) L.E.40000
- C) L.E.2520000
- D) L.E.480000

Answer: D

44. The interest expenses approved by tax office are:

- A) L.E.2520000
- B) L.E.2920000
- C) L.E.2600000

D)L.E. 480000

Answer: A

45. The effect of the above transaction on accounting net profit (ANP) is:

A) L.E.480000 deducted from ANP

B) L.E. 480000 added to ANP

C) L.E.80000 deducted from ANP

D) L.E.80000 added to ANP

Answer: B

Use the following information for questions 46-48.

A sole proprietorship had the following transactions related to computers:

Years	Purchases	Sales
2015	11000	19000
2016	15000	4000
2017	12000	20000

If you learn that the depreciation base on 1/1/2015 was L.E.18000.

46. The tax depreciation (or taxable revenue) for year 2015 is:

A) L.E 12000 depreciation

B) L.E.10000 depreciation

C) L.E.11000 depreciation

D) L.E. (10000) revenue

Answer: B

47. The tax depreciation (or taxable revenue) for year 2016 is:

A) L.E.5500 depreciation

B) L.E.2750 depreciation

C) L.E.11000 depreciation

D) L.E. (5500) revenue

Answer: A

48. The tax depreciation (or taxable revenue) for year 2017 is:

A) L.E. 2500 depreciation

B) L.E. 1250 depreciation

C) L.E. (2500) revenue

D) L.E. (1250) revenue

Answer: C

Use the following information for questions 49-50.

At 1/1/2016, the tax beginning balance of machines was L.E.17000. On 31/8/2016, the firm purchased new machine amounted to L.E.12000. On 1/10/2016, The firm sold an old machine for L.E.5400.

49. The tax depreciation expense for 2016 is:

- A) L.E.5000
- B) L.E.3600
- C) L.E.11800
- D) L.E. 8600

Answer: D

50. The tax ending balance at 31/12/2016 is:

- A) L.E. 20000
- B) L.E. 15000
- C) L.E. 11400
- D) L.E. 25000

Answer: B

Use the following information for questions 51-57.

The following information related to fixed assets for the year ended on 31/12/2017:

Fixed assets	Beginning Balance 1/1	Additions or (purchases) on 1/4/2017	Accounting depreciation Rate	Accounting depreciation
Buildings	700000	400000	2%	20000
Patents	150000	-	20%	30000
computers	200000	120000	30%	87000
Machines	500000	200000	20%	130000

Additional information:

- a- Beginning balances of fixed assets are the original cost.
- b- A computer with original cost of L.E. 50000 was sold on 1/3/2017 for L.E.20000.
- c- A machine with original cost of L.E. 150000 was sold on 1/6/2017 for L.E.60000.
- d- Tax beginning balance of computers and machines on 1/1/2017 was L.E 100000 and L.E 300000 respectively.

51. The tax depreciation expense for the buildings is:

- A) L.E.55000
- B) L.E.45000
- C) L.E.50000

D) L.E. 40000

Answer: C

52. The tax depreciation expense for patents is:

A) L.E.15000

B) L.E.7500

C) L.E.22500

D) L.E. 37500

Answer: A

53. The tax depreciation expense for computers is:

A) L.E.50000

B) L.E.20000

C) L.E.120000

D) L.E.100000

Answer: D

54. The tax depreciation expense for machines is:

A) L.E.95000

B) L.E.155000

C) L.E.110000

D) L.E.160000

Answer: B

55. The tax ending balance of computers at 31/12/2017 is:

A) L.E. 100000

B) L.E. 150000

C) L.E. 180000

D) L.E. 80000

Answer: A

56. The tax ending balance of machines at 31/12/2017 is:

A) L.E. 225000

B) L.E. 270000

C) L.E. 285000

D) L.E. 220000

Answer: C

57. The effect of the total above transactions on accounting net profit is:

A) L.E.73000 deducted from ANP

B) L.E.7000 added to ANP

C) L.E.53000 deducted from ANP

D) L.E.42000 added to ANP

Answer: C

Use the following information for questions 58-60.

Accounting net profit of sole proprietorship for year 2017 was L.E. 90000. If you learn that the expenses included the following:

1. L.E.14000 contributions of which L.E.3000 to poor families, L.E.4000 to the government, and the rest to the charity registered.
2. L.E.500 building tax of realty owned by the firm.
- L.E.54000 interest of loans used in business activity (interest rate 27%).
3. L.E.L.15000 allowance for retirement compensation used to finance of special insurance fund.
4. L.E.60000 total salaries.

58. The total amount of additions to the ANP is:

- A) L.E 31000
- B) L.E.29000
- C) L.E.22000
- D) L.E.28000

Answer: A

59. The maximum limit of contributions to charity registered is:

- A) L.E.5000
- B) L.E.7000
- C) L.E.10000
- D) L.E. 11000

Answer: D

60. The taxable net profit (TNP) for year 2017 is:

- A) L.E.116000
- B) L.E.114000
- C) L.E. 110000
- D) L.E. 121000

Answer: B

Use the following information for questions 61-63.

Accounting net profit of sole proprietorship for year 2017 was L.E. 500000. The tax examination revealed the following:

- 1- The revenues included L.E. 12000 recovered bad debts of which L.E. 7000 only was previously approved by tax office.
- 2- revenues included L.E 10000, interest of bank deposits.
- 3- The revenues included L.E 5000, subsidies received from the city council which include L.E 2000 in cash and the remaining in a form of computers (market value of these computers is L.E 7000).
- 9- The expenses included L.E. 36000, cost of advertising campaign that will last for 3 years starting from 1/4/2017.

4- The revenues not included L.E 10000 compensation received from an insurance company for damaged goods. The cost of these goods was L.E 15000.

5- The expenses included L.E.72000, total salaries, of which L.E.12000 a bonus to the firm owner, and the remaining is the staff members' salaries.

6- The expenses included L.E.15000 bad debt expense of which 8000 only was approved by tax department as expense.

7- The loans borrowed by the firm amounted to L.E. 300000. The expenses included interest expense for year 2017 L.E. 75000. The discount rate declared by the central bank on 1/1/2017 was 10%.

8- The expenses included L.E. 20000 depreciation expense of building which was computed at 2 % rate, while the rate approved by tax department was 5%.

61. The total amount of additions to the ANP is:

- A) L.E.72000
- B) L.E.65000
- C) L.E.55000
- D) L.E.75000

Answer: D

62. The total amount of deductions from ANP is:

- A) L.E.40000
- B) L.E.35000
- C) L.E.45000
- D) L.E.30000

Answer: C

63. The taxable net profit (TNP) for year 2017 is:

- A) L.E.530000
- B) L.E.540000
- C) L.E.520000
- D) L.E.545000

Answer: A

Best Wishes