

Course No: ACCA3305  
 Course Title: Tax Accounting  
 Date: \_\_/11/2017  
 No. of Questions: (3)  
 Time: 1hours  
 Using Calculator (Yes)

University of Palestine



Midterm Exam 2  
 first Semester  
 2017/2018  
 Total Grade: 30

Instructor Name: Dr. Ahmed Al-Affi  
 Tareq Abu Al-Ajeen

Student No.: \_\_\_\_\_  
 Student Name: \_\_\_\_\_  
 College Name: Business and Finance  
 Dep. / Specialist: Accounting-English  
 Using Dictionary (No)

**Question One: State whether the following statements are true or false: (10 M)**

	statement	T/F
1.	The income of endowments (AWQAF), and orphans' funds that are established by law is exempt of tax.	
2.	Agriculture firms is a nontaxable firm..	
3.	The deduction of entertainment expenses by (1%) of total income or 300,000 NIS annually, whichever is less for corporation.	
4.	Sara has 4 sons; three of them study in university "two of them study in Malaysia by scholarship". She will have a university exemption of amounted 12,000 NIS per year.	
5.	Severance payment is paid on the average salaries of taxpayer per year.	
6.	The employer shall withhold tax and transfer it to the Department by detailed report within 30 days of the date of payment.	
7.	The assessor may request the employer to reduce or increase the tax to be withheld from the salaries.	
8.	Transportation exp.is calculated as 2% of gross profit.	
9.	According to Palestinian income tax law 8/2011, the children exemption (less than 18 years old) is 500\$ for each.	
10.	Exemption is the costs and expenses that are spent in order to produce income during the tax period.	

**Question Tow: (10 M)**

**1. Taxpayer (natural person) provides his tax report for 2016 as the following:**

Income "salary"	100,000 NIS
Income "rented building"	60,000

In the tax department, the tax assessor found that:

1. He provided Payment receipt from property tax dep. 13,150 NIS as property tax.
2. The tax assessor found in co. salaries' report that the taxpayer's salary was deduct 100 NIS per month.

**Required: Find the tax amount**

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2. Ahmed works in Babel Company for trading in west bank. He agreed with the management to take 120,000 NIS as a servant payment. Noted that he worked in this Co. for 15 years with last salary 3,000 NIS.

**Required: calculate tax amount on his income from a servant payment if you know that he does not have other incomes.**

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**Question Three:**

**(10 M)**

If 3 partners (A, B, C) established a partnership equal percentage of capital. They provided income tax report for to tax department as the following:

Income statement in 2010		
Sales revenue	300,000	
- Revenues cost	120,000 -	
<b>Gross revenue</b>		<b>180,000</b>
<b>Less: expenses</b>		
Salaries & wages	30,000	
Rent exp.	15,000	
Training exp.	15,000	
R&D exp.	5,000	
Car's petrol exp.	5,000	
Bad debt	10,000	
Allotment of doubtful debts	10,000	
<b>Total expenses</b>		<b>90,000</b>
<b>income before tax (EBT)</b>		<b>90,000</b>

The net income divided for each of them equally. When they provided their tax clearances.

The tax assessor found that:

- Partners (C) is son of partner (A), his age less than 18 years old.
- 10,000 NIS of salaries paid for partner (A) for his managing of the firm.
- Partner (B) has an income from another source amounted 30,000 NIS.
- The company didn't provide any related documents to bad debt for approving.
- The amount of Car's petrol exp. is paid on the manager personal car.
- Entertainment exp., training, Allotment of doubtful debts, R&D exp., were calculated according to Palestinian income tax law 8/2011.

**Required: Prepare the Income statement and calculate tax amount after adjustment?**

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End of Questions  
*Good Luck*