

Course No: ACNE 4319  
 Course Title: Tax Accounting  
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 Time: 2 hours  
 Using Calculator (Yes)

University of Palestine



Final Exam  
 1<sup>st</sup>. Semester 2018/2019  
 Total Grade: 50

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Using Dictionary (No)

**Answer the following questions**

**Q1: determine if the following statements are true or false 15 marks**

1.	( )	VAT is as tax deduction for income tax purpose of all types of taxpayers.
2.	( )	Public and Private shareholding Dividends to shareholders is considered to be tax deductions
3.	( )	The salaries and wages taxes which withheld and transferred monthly by employers can be claimed as tax credit for both employees and employers
4.	( )	Allowances and Reserves can be claimed as tax deductions from all types of business organizations.
5.	( )	The Palestinian Tax Law by Decree 8/2011 stated that Allowances and Reserves can't be deducted by any type of business organizations
6.	( )	The cash method required that capital expenditures can be deducted in total in the period in which they are paid
7.	( )	The tax prepayments are subtracted from net income to determine whether the taxpayer has underpaid or overpaid
8.	( )	Palestinian income tax law apply cash basis for professionals like accountants and lawyers
9.	( )	The taxpayer who submits tax declaration within the first month of the following tax period, shall be granted 4% as a promotional discount for the due tax balance.
10.	( )	An expenses which allowed by the law to be deducted for individuals called exemptions.
11.	( )	Administrative convenience concept states that the tax levied on a taxpayer should be based on the amount that the taxpayer can afford to pay.
12.	( )	In Customs Tax, the taxpayer can pass the burden of the tax to someone else.
13.	( )	Administrative convenience concept states that the tax levied on a taxpayer should be based on the amount that the taxpayer can afford to pay.
14.	( )	Tax avoidance is the illegal usage of the tax system, while tax evasion is the legal usage of taxes system.
15.	( )	VAT imposed on the value of the goods or service regardless of the type of goods or services.

**Question Two:(15 Marks)**

**First: Choose the correct answer (write answer steps for practice question):**

- 1- The corporation suffered loss as 100,000 NIS. The following six years they made profit: 20,000NIS, 30,000NIS, 10,000NIS, 10,000NIS, 50,000NIS, and 25,000NIS. The tax amount in the fifth year will be:

- a) 0 NIS
- b) 3000 NIS
- c) 1000 NIS
- d) Other amount

**2- In Palestinian law no17/2004, the exemption for the natural resident taxpayer is:**

- a) 3000 \$
- b) 500 \$
- c) 2500 NIS
- d) 3000 NIS

**3- If your Purchase amounts in 3/2018 were 58,000 NIS included VAT, the VAT amount should be paid is: (VAT = 16%):**

- a) 3625
- b) 8000
- c) 50000
- d) 16000

**4- Which of the following amounts paid by an employer to an employee is not subject to withholding?**

- a. Salary
- b. Bonus
- c. Commissions
- d. All of the above are subject to withholding

**Second:Mini Cases:(Answer the following questions)**

1- Sami is a Palestinian importer and imports goods across Ashdod port,The Invoice value is 80,000 NIS CIF terms, custom rate is 12%, and purchase tax is 45%. VAT is 16%.

**Required:**

- 1. Compute the total taxes to be paid.**
- 2. Explain how the National Palestinian Authority can obtain these taxes while Sami pays all previous taxes in Ashdod port.**

2- Moen (Palestinian and lives in Gaza) is the COO at B&S Local private shareholding Company. he has been appointed for his high-level position since 2015 with basic salary of 4000\$ and 3% Periodic Annual Increment, he is married to Shokrea, Egyptian citizen, with 2 sons one of them studies at 6' October University in Egypt and the other in AlAzhar.

Moen lived in a rented home with his family including his mother who is an old age, patient, and dependent to him. The following is his compensation related information

**Additions**

Premium of living	150\$
Social bonus	100\$ (60\$ for his wife and 20\$ for each children)
Transportation Allowance	100\$
Incentive Allowance	500\$ (for his excellency and level of performance)

**Deductions**

saving Fund	250\$ (10% for approved Fund by the Minister)
Health Care Insurance	20\$ Health Insurance
Social Security	100\$

**Required:**

- a. As Accountant at B&S compute the amount of tax to be withhold fromMoen.**
- b. If Moen Income is limited to his salary from B&S, does he obliged to fill and submit tax declaration at the end of the year?**

**Question Three:Answer four of the following questions(20 Marks)**

The Finieqe is a Public Shareholding Company based in Al-Quds and operate in Palestine. The following is needed information for preparing tax declaration for 2017.

<b>Revenues</b>		<b>Expenses</b>	
Revenue from sales	60,000,000	Salaries and wages	(9,868,000)
Cost of goods sold	(38,000,000)	Bad debt expense	(165,000)
Gross profit	22,000,000	Depreciation	(2,400,000)
<b>Other income:</b>		Entertainment (hospitality) expenses	100,000
Dividend income	30,000	Insurance premiums	(34,000)
Interest income	120,000	Advertising	(1,920,000)
Capital losses	(28,000)	Warranty expenses	(580,000)
Gain on fixed asset dispositions	54,000	Rented Buildings tax expense	(30,000)
Rents of owned storehouse	124,000	Training Expenses	200,000
<b>Gross income</b>	<b>22,300,000</b>	Other expenses	(603,000)
<b>Other Information</b>		Fees of Buildings evacuation	(100,000)
Charitable contributions	140,000	Total expenses	16,000,000
Statutory Reserve	1000,000		

- (a) Fortax year 2016, the company paid tax of 300,000NIS and this amount gained the preemptory status, and at 27/1/2017 The Company paid in advance prepayment of 300,000NIS and get promotional discount 8%.
- (b) Capital Losses resulted of selling financial securities and this is not ordinary activity for the company.
- (c) The auditor of the company assure that one of the debtors with 40,000 account had been considered uncollectable previously returned from abroad.
- (d) 10,000 of Hospitality invoices are the cost of hosting privet guests for Board of Director chairman and not business related.
- (e) Charitable contributions are donations to receivers licensed and approved by the Minister except of 30,000 paid for poor employees working in the company.
- (f) Depreciation Expense According to tax Purpose Schedules is 1,700,000
- (g) Total other expenses include VAT paid on imports of 200,000, and 15,000 fines and penalties because of not complying with safety obligations, the remaining amount is interest expenses.
- (h) Fees of Buildings evacuation are paid this year
- (i) The tax declaration and all documents and attachment are submitted to department In the last week of January

### **Required**

- (a) **As certified CPA, Prepare amended report for tax purpose and estimate tax payments and liability for 2017 according to Tax Law 8/2011.**

**(b) Mention briefly the necessary documents, reports, and other data to be attached with tax declaration for Public Shareholding Companies.**

**Best Wishes**