

Course No: ACNE 4319  
Course Title: Tax Accounting  
Date: 21/10/2018  
No. of Questions: (4)  
Time: 1 hours  
Using Calculator (Yes)

University of Palestine



1<sup>st</sup>. Mid-term Exam  
1<sup>st</sup>. Semester 2018/2019  
Total Grade: 15

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

**Answer all the following questions**

**Question One: Write the correct answer by choosing (T) or (F) (3 Marks)**

1.	( )	The payment of tax to the governmental authority is required by law.
2.	( )	All items that meet the definition of income are taxed, without regard to the cost of collecting the information.
3.	( )	Gross income includes all income realized from whatever source derived, unless specifically excluded.
4.	( )	Regressive Rate Structure defined as a tax in which the average tax rate increases as the tax base increases
5.	( )	The marginal tax rate equal to the total income tax divided by the taxpayer's economic income
6.	( )	If a tax rate structure is progressive, the marginal tax rate will be higher than the average tax rate as the tax base increases.

**Question Two: (2 Marks)**

Sami is an employee of Fred's. During the current year, Sami salary is \$124,000. Fred's net self-employment income is also \$124,000. Calculate the Social Security and self-employment taxes paid by Sami and Fred given that Maximum wage base for OASDI tax is \$ 106,800.

**Question Three: (5 Marks)**

A taxpayer has \$103,000 of taxable income for the current year. Determine the total tax, the marginal tax rate, and the average tax rate if the taxpayer is a:

- Single individual.
- Married couple.

**Question Four: (5 Marks)**

Based on the following information, what are the taxable income and tax liability for a married couple?

Total income	\$105,000
Excludable income	3,000
Deductions for adjusted gross income	3,500
Deductions from adjusted gross income	9,500
personal and dependency exemption	3,700

**Best Wishes**

## 2011 INDIVIDUAL TAX RATE SCHEDULES

## SINGLE TAXPAYERS

TABLE  
B-1

If Taxable Income Is Over	But Not Over	The Tax Is	of the Amount Over
\$ 0	8,500	..... 10%	\$ 0
8,500	34,500	\$ 850.00 + 15%	8,500
34,500	83,600	4,750.00 + 25%	34,500
83,600	174,400	17,025.00 + 28%	83,600
174,400	379,150	42,449.00 + 33%	174,400
379,150	.....	110,016.50 + 35%	379,150

## MARRIED TAXPAYERS FILING JOINTLY AND SURVIVING SPOUSE

TABLE  
B-2

If Taxable Income Is Over	But Not Over	The Tax Is	of the Amount Over
\$ 0	17,000	..... 10%	\$ 0
17,000	69,000	\$ 1,700.00 + 15%	17,000
69,000	139,350	9,500.00 + 25%	69,000
139,350	212,300	27,087.50 + 28%	139,350
212,300	379,150	47,513.50 + 33%	212,300
379,150	.....	102,574.00 + 35%	379,150

## HEAD OF HOUSEHOLD

TABLE  
B-3

If Taxable Income Is Over	But Not Over	The Tax Is	of the Amount Over
\$ 0	12,150	..... 10%	\$ 0
12,150	46,250	\$ 1,215.00 + 15%	12,150
46,250	119,400	6,330.00 + 25%	46,250
119,400	193,350	24,617.50 + 28%	119,400
193,350	379,150	44,323.50 + 33%	193,350
379,150	.....	106,637.50 + 35%	379,150

## MARRIED TAXPAYERS, FILING SEPARATELY

TABLE  
B-4

If Taxable Income Is Over	But Not Over	The Tax Is	of the Amount Over
\$ 0	8,500	..... 10%	\$ 0
8,500	34,500	\$ 850.00 + 15%	8,500
34,500	69,675	4,750.00 + 25%	34,500
69,675	106,150	13,543.75 + 28%	69,675
106,150	189,575	23,756.75 + 33%	106,150
189,575	.....	51,287.00 + 35%	189,575

## 2011 CORPORATE TAX RATE SCHEDULE

TABLE  
B-9

If Taxable Income Is Over	But Not Over	The Tax Is	of the Amount Over
\$ 0	50,000	..... 15%	\$ 0
50,000	75,000	\$ 7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	.....	6,416,667 + 35%	18,333,333