

Course No: ACNE 4319
Course Title: Tax Accounting
Date: 26/11/2018
No. of Questions: (3)
Time: 1 hours
Using Calculator (Yes)

University of Palestine



2nd Mid-term Exam
1st. Semester 2018/2019
Total Grade: 15

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Student No.: _____

Student Name: _____

College Name: Business & Finance

Dep. / Specialist: Accounting

Using Dictionary (No)

Answer the following questions

Question One: (T) or (F) (3 Marks)

1.	<input type="radio"/>	Tax refunds resulting from settling previous years, is taxable income and should not be exempted according to Palestinian income tax law.
2.	<input type="radio"/>	Pursuant to Palestinian income tax law, Inheritance is Tax-Exempt Income, except that revenues generated from inherited properties hereafter shall not be exempt
3.	<input type="radio"/>	Under the pay-as-you-go concept, the tax base used to compute the taxpayer's income tax liability is a net income
4.	<input type="radio"/>	A tax credit directly reduces the amount of tax payable to the government.
5.	<input type="radio"/>	The cash method required that capital expenditures can be deducted in total in the period in which they are paid
6.	<input type="radio"/>	The constructive receipt doctrine apply to cash basis taxpayers and accrual basis tax payers

Question Two:(6 Marks)

The following transactions performed by the Future Company, an authorized dealer by Customs and VAT Department during August:-

Aug. 1 purchased goods from Snabel partnership costing 46,400 NIS, VAT included.

Aug. 1 purchased goods from Azeez costing 69,600 NIS, VAT included.

Aug. 2 sold goods to Amana partnership for 58,000 NIS including VAT

Aug. 6 purchased goods from Sameer costing 70,000 NIS (net of VAT)

Aug. 8 returned purchased goods to Sameer for 10,000 NIS (net of VAT)

Aug. 16 sold goods to Salem for 60,000 NIS, on credit, VAT included

Aug. 18 exported goods to a client in Egypt for 15,000 NIS.

Aug. 20 Salem returned sold goods to the company for 10,000 NIS including VAT

Required \\ Calculate the VAT required from or due to the Future Company for August (VAT rate 16%)

Question Three: Answer four of the following questions(6 Marks)

1. When Kerri filed her 2016 tax return on April 15, 2017, she did not include a \$2,000 bonus received from her employer on January 10, 2017 relating to her work performance during 2016. **What concept, construct, or doctrine supports Kerri's actions?**
2. Ted sells 200 shares of common stock for \$2,000. The stock cost Ted \$500 several years ago. Ted's realized gain from the sale is only \$1,500. **Which of concept, construct, or doctrine provides support for this treatment?**

3. Bowow Company allows its employees to make personal Xerox copies without charge on the company copy machines. **What concept helps explain why the benefit received is not taxable to Bowow employees?**
4. Glenda sells 100 shares of ICBM stock to her brother for \$10,000. The shares originally cost Glenda a total of \$12,000. Glenda is not allowed to deduct the loss realized on the sale of the stock shares. **What concept applies to this event?**
5. One proposal before Congress is to establish a flat tax. **Is a flat rate structure based on the ability-to-pay concept?**

Best Wishes