



Section 13

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Chapter 5

Tax on Professional or non-commercial activity



Exercise 1

One of the accounting firms in Egypt provided the following data for the year 2023 (Figures in Egyptian Pound):

100,000 fees for auditing companies – **20,000** fees for providing tax consultations - **5,000** rewards for articles published in a scientific journal - **7,000** fees for designing tax systems - **1,000** profits from selling part of furniture - **15,000** fees for providing consultations in the Sultanate of Oman.



Exercise 1

6,000 fees of providing consultations about the feasibility of projects - **16,000** salaries and wages - **500** registration fees in the commercial syndicate - **250** books and accounting periodicals - **4,000** travel expenses for the Sultanate of Oman to provide consultations - **600** price of stationery - **200** buffet expenses - **120** tips - **650** water and electricity - **1,000** internal transportation - **4,500** donations for a hospital under government supervision .





Exercise 1

400 monthly life insurance premium for the benefit of his wife and minor children

Instructions

- ❖ Determine the base and amount of tax on the revenues of non-commercial professions imposed on books ,if the taxpayer keeps regular books and accounts supported by documents, noting that:



Exercise 1

- 1- The stationery balance on 1/1 is 200 EGP, whereas, on 31/12, the balance is 300 EGP.
- 2- The cost of office furniture and equipment is 45,000 EGP, and the accumulated depreciation is 15,000 EGP.
- 3- The book value of the computers is 10,000 EGP



Solution

1. = (200 + Depreciation of stationery = Beginning balance + Cost of purchases – Ending balance.

$$600) - 300 = 500 \text{ EGP.}$$

2. Depreciation of furniture and equipment = (Cost – accumulated depreciation) \times 25%

$$= (45,000 - 15,000) \times 25\% = 7,500 \text{ EGP.}$$

3. Depreciation of computers = $10,000 \times 50\% = 5,000 \text{ EGP}$

Solution

First : Determine the tax base:

Taxable Revenues:

1- Fees of auditing works: it is revenue that occurs because of the practice of the profession in Egypt (Article 33).

100,000

2- fees for providing tax consultations: it is revenue that occurs because of the practice of the profession in Egypt (Article 33).

20,000

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Solution

First : Determine the tax base:

3- Rewards for publishing articles: Revenues from the editing and translation of religious, scientific, cultural, and literary books and articles are exempt from taxation (article: 36)

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4- fees for designing tax systems: it is revenue that occurs because of the practice of the profession in Egypt (Article 33).

7,000

Solution

First : Determine the tax base:

<p>5- Profits from the sale of part of the office furniture: Capital gains resulting from the disposal of any professional assets are subject to tax (33).</p>	<p>1,000</p>
<p>6- Fees for providing consultations in the Sultanate of Oman: Article (32) of Law 91 of 2005, as amended by Law 53 of 2014, is subject to tax.</p>	<p>15,000</p>



Solution

First : Determine the tax base:

7- fees of providing consultations about the feasibility of projects : it is revenue that occurs because of the practice of the profession in Egypt (Article 33).	6,000
Total Revenues	149,000



Solution

First : Determine the tax base:

Deducted from it (total expenses)

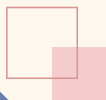
Administrative and general expenses supported by documents:

- Salaries and wages	16,000
- Registration fees in the syndicate	500
- books and accounting periodicals: related to the activity.	250

Solution

First : Determine the tax base:

- Travel expenses to the Sultanate of Oman to provide consultations: It is considered one of the costs necessary to practice the profession in Egypt and outside it	4,000
- Depreciation of stationery	500
- Depreciation of furniture and equipment	7,500
- Depreciation of computers.	5,000



Solution

First : Determine the tax base:

- Water & Electricity Expenses	650
Total expenses supported by documents	34,400
2- Costs and expenses not supported by documents.	
<ul style="list-style-type: none"> - Buffet expenses 200 - gratuities 120 - Internal transfer 1,000 Total 1320 	

Solution

First : Determine the tax base:

$$\text{Max} = 34,400 \times 7\% = 2,408 \text{ EGP.}$$

(costs that aren't supported by documents are fully deducted as they are within a maximum limit of 7% of expenses supported)

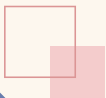
1320

Total expenses

(35,720)

Net annual income before deduction of donations

113,280



Solution

First : Determine the tax base:

Deduction:

Donations for one of the hospitals under governmental supervision up to 10% of the annual net revenue.

Max = $113,280 \times 10\% = 11,328$ EGP.

Actual donation = 4,500 (fully deducted as it is within 10% of net revenue).

(4,500)

Net income after donations

108,780

Solution

First : Determine the tax base:

Deduction:

Life insurance premiums for the benefit of his minor children:

Maximum = 3,000 EGP.

Actual amount = $400 \times 12 = 4,800$ EGP.

(To be deducted whichever is less)

(3000)

Solution

First : Determine the tax base:

Tax base	105,780
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Second: Calculation of tax due:

First Bracket:	30,000	Exempted
Second Bracket:	15,000 * 10 % =	1500 EGP

Solution

Second: Calculation of tax due:

Third Bracket:	$15,000 * 15 \% =$	2250 EGP
Fourth Bracket	$45,780 \times 20\% =$	9,156 EGP
Total Tax Due		12,906 EGP

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