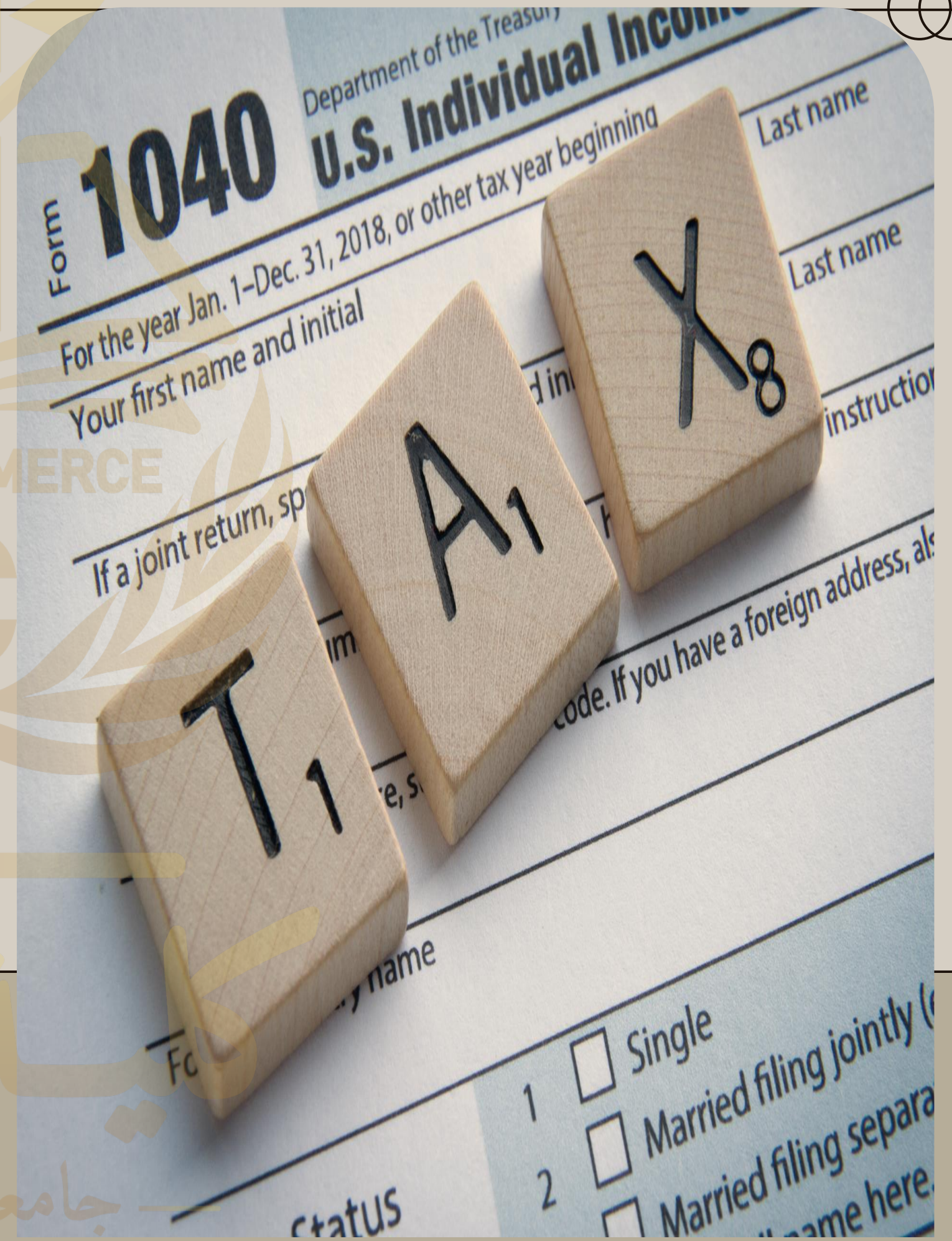


Tax Accounting

Section 4
by/ Noha Hamed





Chapter 3

Tax on salaries and the like.

كلية التجارة

— جامعة مدينة السادات —



Example 2

➤ A government employee received the following (amounts in pounds) from the first of January 2022:
basic salary of 7000 EGP (including 1500 special bonuses added) (Exempted); Production incentives of 2250; actual transfer allowance of 750; Allowance of work nature 1000; representation and reception allowance of 2000; additional social allowances 100 EGP.



If you know that:

- ✓ He made two insurance policies, one for his wife and minor children with a monthly premium of 275 EGP and another for his father with a monthly premium of 150 EGP.
- ✓ The stamp tax per month is 100 EGP.
- ✓ A monthly subscription fee for social insurance is 10,000 EGP (Minimum= 1,400, Maximum= 9,400).

Required:

☐ Calculation of tax due:



Solution

1- Determining the annual base of the tax:

Statement	Partial	Total
1- Basic salary = (7000 × 12)		84,000
2- Variable wages:		
▪ Incentives (2250 * 12)		
▪ Transfer allowance (750 * 12)	27,000	
▪ Allowance of nature work (1000 * 12)	9000	
▪ Representation and reception allowance (2000 * 12)	12,000	
▪ Additional Social Allowance (100 * 12).	24,000	
	1,200	

Statement	Partial	Total
Total annual revenues		157,200
Deducted from:		
1- Amounts exempted by special laws:		
• Added special raise (1500×12)	18,000	
• Representation and reception allowance (2000×12)	24,000	
• Social allowance (100×12)	1,200	
2- Allowances to meet actual expenses:		
• Actual transfer allowance (750×12)	9000	
3- Exempted amounts in accordance with the Tax Law, Article (13):		
• Personal Exemption	15,000	
• Social Insurance = $9,400 \times 11\% \times 12$	12,408	(79,608)



Statement	Partial	Total
Annual Net Revenue		77,592
Deducted from:		
▪ Life insurance premiums and special fund subscription		
– Actual Amount = (275 × 12) = 3,300 L.E	(3,300)	
– Maximum (77,592 * 15%) = 11,639 or 10,000 whichever is less)		
Relative stamp tax (100 * 12)	(1,200)	
Net taxable income		73,092
Taxable income to the nearest 10 pounds less		73,090



Solution

2- Calculation of tax due:

- Exempted bracket 30,000 EGP
- Second bracket = $15,000 * 10\% = 1500$ L.E
- Third bracket = $15,000 * 15\% = 2250$ L.E
- Remaining bracket = $13,090 * 20\% = 2,618$ L.E

Annual tax due = 6,368 L.E

Tax due per month = $6,368 / 12 = 530.67$ EGP



Example 3

➤ An employee in one of the foreign companies operating in Egypt received the following amounts (in pounds) for March during 2022:

Basic monthly salary 2400 EGP, 26,000 annual bonuses, 1200 additional monthly wages, 1400 annual nature of work allowance, 16000 annual representation and reception allowances, 34,000 annual production incentives, 1000 monthly transportation allowance for actual cost, 1200 monthly meal cash allowance.



If you know that:

- ✓ Note that he obtained free air tickets for himself and his wife worth 28000 EGP, subscribed to one of the private insurance funds at the rate of 1200 LE per year, and pays a life insurance premium for the benefit of minor children at the rate of 2400 LE per year, the allowances received by the worker are not exempted by special laws.
- ✓ A monthly subscription fee for social insurance is 3600 EGP.
- ✓ Minimum and maximum insurance Monthly subscription fee of insurance for the year 2022 (1400, 9400).

Required:

❑ Calculation of tax due: — جامعة مدينة السادات —



Solution

1- Determining the annual base of the tax:

Statement	Partial	Total
1- Basic salary = (2400×12)		28,800
▪ Annual bonuses	26,000	
▪ additional monthly wages (1200×12)	14,400	
▪ annual nature of work allowance.	1400	
▪ annual representation and reception allowances	16000	
▪ annual production incentives	34,000	
▪ transportation allowance (1000×12)	12,000	
▪ meal cash allowance (1200×12)	14,400	
▪ Free tickets	28,000	



Statement	Partial	Total
Total Annual Revenue		175,000
Deducted from:		
1- Amounts exempted by special laws:	Zero	
2- Allowances to meet actual expenses:		
• Transportation allowance	12,000	
3- Exempted amounts in accordance with the Tax Law, Article (13):		
• Personal Exemption	15000	
• Social Insurance = $3600 \times 11\% \times 12$	4752	(31,752)



Statement	Partial	Total
Annual Net Revenue		143,248
Deducted from:		
<ul style="list-style-type: none">▪ Life insurance premiums and special fund subscription– Actual Amount = 1200 + 2400 Article (13) = 3600 L.E– Maximum (143,248 * 15% = 21,487 or 10,000 whichever is less) = 5238 L.E	3600	
Net taxable income		139,648
Tax base (to the nearest 10 pounds less)		139,640



Solution

2- Calculation of tax due:

- Exempted bracket 30,000 EGP
- Second bracket = $15,000 * 10\% = 1500$ L.E
- Third bracket = $15,000 * 15\% = 2250$ L.E
- Remaining bracket = $79,640 * 20\% = 15,928$ L.E

Annual tax due = 19,678 L.E

Tax due per month = $19,678 / 12 = 1639.83$ EGP



1- In light of the previous information, The total annual revenues equal.....

- A. 84,000 L.E.
- B. 122,000 L.E
- C. 175,000 L.E.**
- D. None of the above.

Tax Form

Personal Details

Your first name and initial: _____ Last name: _____ Document No. 20520-1
Nationality: _____ Phone Number: _____ Number 1: _____
Address (street and number), see instructions: _____ No. _____ Number 2: _____
City, town, street and ZIP code, see instructions: _____ The number above is required.

Status

Check only one box.

☐ Single ☐ Married ☐ Divorced ☐ Others

Income

1. It is a process to allow an organization to focus resources on the greatest.

2. The objectives will be based on how you gain sales by acquiring and keeping.

Exemptions

Dependents:	Dependent's social security number:	Dependent's name:
First name	Last name	to you

Payments

1. Federal income tax withheld from: _____

2. Amount paid with request for extension to file: _____

3. Credit for federal tax on fuels: _____

4. Amount paid with request for extension to file: _____

5. Net premium tax credit: _____

Sign Here

Put your name and address on the line below. Marking brackets will be ok, at the same time I will also show you how you're going to work with your targets, it makes through advertising, advertising etc. moving for perfect timing with your abilities to fit your business buying system will help you seeing money and marketing sales.

Your signature	Date	Your occupation	Daytime phone number
Spouse's signature	Date	Spouse's occupation	



2- The employee's annual share in social insurance subscription equals

- A. 4500 EGP.**
- B. 523 EGP.**
- C. 396 EGP.**
- D. 4752 EGP.**



3- The employee's share in social insurance subscription per month equals.....

- A. 468 EGP.**
- B. 396 EGP.**
- C. 5280 EGP.**
- D. 4752 EGP.**



4- The net revenue equals.....

- A. 143,248 EGP.
- B. 175,000 EGP.
- C. 27,600 EGP.
- D. 85,000 EGP.



5- The deductible Subscription to special insurance funds and life insurance premium in favor of the owner's wife and minor children is.....

- A. 7,560 EGP.**
- B. 10,000 EGP.**
- C. 3600 EGP.**
- D. 15,000 EGP.**





6- The tax base after deducting the exempted bracket equals.....

- A. 139,640 EGP.**
- B. 109,640 EGP.**
- C. 194,640 EGP.**
- D. None of the above.**



7- The annual tax due equals

A. 19,678 EGP.

B. 109,640 EGP.

C. 194,640 EGP.

D. None of the above.



8- The tax due per month equals

- A. 1589 EGP.
- B. 2765 EGP.
- C. 1639.83 EGP.
- D. None of the above.





Example 4

- ❖ A government employee will receive the following amounts per month for 2022:
- ✓ basic salary of 2500 EGP (includes 450 EGP added special allowance (exempted).
- ✓ Production incentives L.E 1200.
- ✓ Transportation allowance against actual cost L.E 120.
- ✓ Special allowance not added to the basic salary L.E 500 (Exempted).
- ✓ Nature of work allowance L.E 240.
- ✓ Overtime L.E 1000.
- ✓ Additional social raise L.E 30 (Exempted).



If you know that:

- ✓ The life insurance premium in favor of his wife and minor children L.E 12000 annually.
- ✓ Subscription to special insurance funds is L.E 30.
- ✓ The relative stamp tax due monthly is L.E 14.99.
- ✓ A monthly subscription fee of social insurance is 3000 EGP (Minimum= 1400, Maximum= 9400)

Required:

☐ Calculation of tax due: جامعة مدينة السادات



Solution

1- Determining the annual base of the tax:

Statement	Partial	Total
1- Basic salary = (2500×12)		30,000
2- Variable wages:		
▪ Production incentives (1200×12)	14,400	
▪ Transportation allowance (120×12)	1,440	
▪ Non-added special allowance (500×12) .	6,000	
▪ Allowance of nature work = (240×12) .	2,880	
▪ Overtime = $(1000 * 12)$	12000	
▪ Additional Social Allowance $(30 * 12)$.	360	

Statement	Partial	Total
Total variable wages		37,080
Total annual revenues		67,080
Deducted from:		
1- Amounts exempted by special laws:		
• Special Allowance (included in salary (450×12))	5,400	
• Non-added special bonus (500×12) .	6,000	
• Social allowance (30×12)	360	
2- Allowances to meet actual expenses:		
• Transfer allowance	1,440	
3- Exempted amounts in accordance with the Tax Law, Article (13):		
• Personal Exemption	15,000	
• Social Insurance = $3000 \times 11\% \times 12$	3,960	(32,160)



Statement	Partial	Total
Annual Net Revenue		34,920
Deducted from:		
<ul style="list-style-type: none">▪ Life insurance premiums and special fund subscription– Actual Amount = $(30 \times 12) + 12,000$ Article (13) = 12,360 L.E– Maximum $(34,920 \times 15\% = 5,238$ or 10,000 (whichever is less) = 5,238 L.E	(5238)	
Relative stamp tax (14.99×12)	(179.88)	(5417.88)
Net taxable income		29,502
Tax base (to the nearest 10 pounds less)		29,500



Solution

2- Calculation of tax due:

- ❖ Annual tax due = Zero L.E
- ❖ The tax due per month = Zero L.E



Thank You

كلية التجارة

— جامعة مدينة السادات —