



Section 12

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Chapter 5

Tax on Professional or non-commercial activity

COMMERCIAL ACTIVITY

كلية التجارة

— جامعة مدينة السادات —



Exercise 1

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

120,000 fees for auditing works – **18,000** fees for providing consultations in Saudi Arabia – **3,000** rewards for articles published in a scientific journal – **700** profits from selling part of furniture- **620** advertising revenue installed on the façade of the office.



Exercise 1

1,500 salaries and monthly wages – **1,200** registration fees in the commercial syndicate – **400** depreciation of furniture and machinery – **200** books and accounting periodicals – **3,000** travel expenses to Saudi Arabia for providing consultations- **1,000** price of stationery - **700** buffet expenses and tips - **500** water and electricity – **2,400** donations to the local unit in Gharbaoui in Beheira Governorate.





Exercise 1

Instructions

- ❖ Determine the base and amount of tax on the revenues of non-commercial professions, noting that the balance of stationery at the end of December 2023 is 600 pounds.

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Solution

**1. Depreciation of stationery = Beginning balance +
Cost of purchases – Ending balance.
= (Zero + 1,000) - 600 = EGP 400**



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).

120,000

2- Fees for providing consultations in Saudi Arabia: Article (32) of Law 91 of 2005, as amended by Law 53 of 2014, is subject to tax.

18,000



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)

.....

4- 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).

700

Solution

First : Determine the tax base:

5- Advertising revenues installed on the facade of the office: Any income resulting from the practice of the profession is subject to tax (Article 33).	620
Total Revenues	139,320

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Solution

First : Determine the tax base:

Deducted from it (total expenses)

Administrative and general expenses supported by documents:

- Salaries and wages ($1,500 * 12$)	18,000
- Registration fees in the syndicate	1,200
- books and accounting periodicals: related to the activity.	200

Solution

First : Determine the tax base:

- Travel expenses to Saudi Arabia to provide consultations: It is considered one of the costs necessary to practice the profession in Egypt and outside it	3,000
- Depreciation of stationery	400
- Depreciation of furniture and equipment: calculated according to accounting standards or rules determined by the competent minister according to the nature of each profession	400



Solution

First : Determine the tax base:

Max = $23,700 \times 7\% = 1,659$ EGP.

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

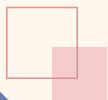
700

Total expenses

(24,400)

Net annual income before deduction of donations

114,920





Solution

First : Determine the tax base:

Deduction:

Donation to a local administrative unit (deductible costs within the limits of the annual net revenue, and it was fully deducted as the net revenue is 114,920 and the donation is 2,400).

(2,400)

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Solution

First : Determine the tax base:

Tax base	112,520
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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	$52,520 \times 20\% =$	10,504 EGP
Total Tax Due		14,254 EGP

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Exercise 2

Instructions:

- Determining the base and amount of tax on the revenues of non-commercial professions if the taxpayer doesn't maintain regular accounts and books, with explanation (the same previous example).

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- Determining the base and amount of tax on the revenues of non-commercial professions if the taxpayer doesn't maintain regular accounts and books, with explanation (the same previous example).

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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).	120,000
2- Fees for providing consultations in Saudi Arabia: Article (32) of Law 91 of 2005, as amended by Law 53 of 2014, is subject to tax.	18,000



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)

.....

4- 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).

700

Solution

First : Determine the tax base:

5- Advertising revenues installed on the facade of the office: Any income resulting from the practice of the profession is subject to tax (Article 33).	620
Total Revenues	139,320

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Solution

First : Determine the tax base:

Deducted from it (total expenses)

10% of the total revenue against all costs because the taxpayer does not keep regular books and accounts.

13,932

$139,320 \times 10\% = 13,932 \text{ L.E.}$

Net annual income before deduction of donations

125,388

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Solution

First : Determine the tax base:

Deduction:

Donation to a local administrative unit (deductible costs within the limits of the annual net revenue, and it was fully deducted as the net revenue is 125,388 and the donation is 2,400).

(2,400)

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Solution

First : Determine the tax base:

Tax base	122,988
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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	$62,988 \times 20\% =$	12,598 EGP
Total Tax Due		16,348 EGP

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