

II - (2) to the Treasurer's Office of the Municipality or City where the ECOZONE registered enterprise is located. (Section 1, IRR, Omnibus Investment Code; Revenue Regulations No. 1-2000)

- a. Yes to both I and II
- b. No to both I and II
- c. Yes to I only
- d. Yes to II only

8. ✓ Barangay Micro Business Enterprise refers to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than:

- a. Five Million Pesos (P5,000,000.00).
- b. Four Million Pesos (P4,000,000.00).
- c. Three Million Pesos (P3,000,000.00).
- d. Two Million Pesos (P2,000,000.00).

9. ✓ Which of the following is not among the functions of the Bureau of Customs?

- a. The assessment and collection of customs revenues from imported goods and other dues, fees, charges, fines and penalties accruing under The Customs Modernization and Tariff Act. ✓
- b. Simplification and harmonization of customs procedures to facilitate movement of goods in international trade. ✓
- c. Supervision and control over the entrance and clearance of vessels and aircraft engaged in foreign commerce. ✓
- d. Provide the President and the Congress with independent analysis, information and technical support on matters related to tariff and non-tariff measures affecting Philippine industries and exports for policy guidance.

10. ✓ The City of Masbate passed an ordinance imposing a license fee on all motor vehicles entering the city between the hours of 9:00 a.m. and 5:00 p.m. Owners of motor vehicles assailed the validity of the law. Is the law valid?

- a. Yes, because it was issued as a source of revenue.
- b. Yes, because it is a legitimate exercise of police power.
- c. No, because it discriminates against those who are not able to pay the license fee, particularly, the low-salaried employees, and is, therefore, class legislation.
- d. No, because it is not imposed by any other municipality.

11. If the return is amended substantially, which means different from the original return, the three (3) year period for assessment is counted from:

- a. the last day for filing of the return.
- b. the day the return was filed.
- c. from filing of the amended return.
- d. any day depending on the convenience of the taxpayer.

12. It is an official document that empowers a Revenue Officer to examine and scrutinize a taxpayer's books of accounts and other accounting records, in order to determine the taxpayer's correct internal revenue tax liabilities for a particular period.

- a. Preliminary Assessment Notice
- b. Final Assessment Notice
- c. Letter of Authority
- d. Letter of Intent

13. ✓ A minimum wage earner (MWE) who also receives holiday pay, overtime pay, night shift differential and hazard pay shall be:

- a. exempt from income tax and not required to file income tax return.
- b. subject to income tax only on the pay in excess of the minimum wage.
- c. exempt from income tax but required to file income tax return.
- d. subject to income tax on the total income.

14. ✓ A nonresident alien individual who shall come to the Philippines and stay therein for an aggregate period of more than 180 days during the calendar year shall be deemed a "nonresident alien doing in the Philippines":

- a. regardless of whether or not he is actually engaged in business in the Philippines.
- b. only when he is actually engaged in business in the Philippines.
- c. when his income does not come from the performance of personal services in the Philippines.
- d. when he comes to the Philippines for a definite purpose which in its nature would require an extended stay and to that end makes his home temporarily in the Philippines, although it may be his intention at all times to return to his domicile abroad.



24. In the absence of record date, the dividend belongs to the stockholder:
- at the time the dividends are paid.
 - at the time of declaration.
 - at the time the stockholders receive the dividend.
 - at the time which cannot be determined.
25. Which of the following prizes and awards shall not be subject to income tax?
- Contest awards or prizes received from an employer
 - Amount received as an award for special services, such as award for suggestions for the prevention of a bank robbery
 - Prize won in a competitive contest conducted for non-commercial or commercial purposes
 - Prize in a literary contest where the recipient did not join the contest nor required to render substantial future services as condition to receiving the prize or award
26. In order to avail of the exemption of the retirement benefits under RA 7641 from private employers without any retirement plan, the following conditions, among others, must be met, except which one?
- The retirement benefits must be received under existing bargaining agreement (CBA) or other agreements.
 - The retiring employee has served at least five (5) years in the said establishment.
 - The retiring employee is not less than sixty (60) years of age but not more than sixty-five (65) which is declared as the compulsory retirement age.
 - The retiree shall be entitled to retirement pay equivalent to at least one month salary for every year of service.
27. Mr. Cris Rosales an employee of Glaiza Manufacturing Corporation offered to resign to take advantage of the company's offer of voluntary redundancy program to reduce overhead expenses. His separation pay is:
- subject to income tax because his separation from the employment was voluntary on his part in view of his offer to resign.
 - not subject to income tax because his separation is due to redundancy which is a cause beyond his control.
 - subject to both income tax and donor's tax because the separation pay constitutes a gift from his employer.
 - not subject to any tax because separation due redundancy connotes involuntariness on the part of the employee.
28. The following fringe benefits were given by an employer to its employees for the quarter ending March 31, 2017:

Housing benefits to supervisors and managers (representing total rents)	P340,000	50%
Reimbursed expenses of rank and file employees	200,000	
De minimis benefits (not exceeding the maximum)	100,000	

How much was the fringe benefit tax payable for the quarter?

- P301,176
- P254,118
- P160,000
- P80,000

29. On January 15, 2017, Jean Chan who has a deposit account with Banco de Plata obtained a loan from Audrey Financing Corporation in connection with the operation of her business. Jean's taxable net income for the year 2017 before the deduction of the interest expense amounted to P1,000,000. For the year 2017, the interest income she derived from the said deposit with Banco de Plata amounted to P180,000 on which a final tax of P36,000 had been withheld. Her interest expense on the loan obtained from Audrey Financing Corporation during the same year amounted to P160,000. During the same year, Jean received dividend of P100,000 from a domestic corporation which was also subject to a final tax of P20,000.

How much is the taxable income for taxable year 2017?

- P899,400
- P866,400
- P840,000
- None of the choices

30. One of the differences of Net Capital Loss Carry Over from Net Operating Loss Carry Over is:

- It allowed to individual taxpayers only.
- Its carry over period is 3 years except in the case of mines other than oil and gas wells which is 5 years.
- It is deductible from gross income.
- It started in the year 1998.



39. The administrator of the estate asks you if it is alright to file the estate tax return and pay the estate tax due at a later date. What will your answer be?
- Yes, it is alright to file the estate tax return and pay the estate tax due at a later date.
 - ☒ No, the rule is pay as you file.
 - Yes, unless the BIR rules otherwise.
 - No, unless the BIR rules otherwise.
40. Under this system there is a merger of all the properties of the husband and the wife owned by them at the time of the celebration of the marriage, or those acquired thereafter.
- Conjugal partnership of gains
 - ☒ Absolute community of properties
 - Complete separation of properties
 - None of the choices
41. The following are the requisites in order for claims against the decedent's estate to be deductible, except which one?
- They must be existing against the estate.
 - They must be reasonably certain as to amount. ✓
 - ☒ They must have been prescribed.
 - They must be enforced by the claimant
42. Which of the following statements is incorrect? A claim against an insolvent person, which is not collectible in full:
- ☒ is included in the gross estate.
 - is not included in the taxable net estate. ✓
 - must be notarized if arising out of a debt instrument of the insolvent.
 - needs no preliminary filing of a case against the insolvent.
43. Which of the following donations shall be subject to donor's tax?
- Donations to parish church
 - Donations of a foreign corporation of its own shares of stock to a resident employee in the Philippines
 - ☒ Donation to an alumni association
 - Sale of capital asset for less than adequate and full consideration.
44. Which of the following shall be required to register as Non-VAT persons and pay the applicable registration fee?
- VAT-exempt persons who did not opt to register as VAT taxpayers
 - Individual engaged in business where the gross sales or receipts do not exceed P100,000 during any 12-month period (marginal income earner)
 - ☒ Cooperatives other than electric cooperatives
 - None of the choices
45. This refers to any person who is required to register under the provisions of the Tax Code but failed to register.
- VAT-registered person
 - ☒ VAT-registrable person
 - VAT-exempt person
 - None of the choices
46. Which of the following shall not be exempt from VAT?
- Medical, dental, hospital or veterinary services rendered by hospital
 - Laboratory services rendered by hospital
 - Drugs and medicine given to a patient confined in a hospital
 - ☒ Medical services rendered by professionals
47. A keeper of garage whose gross receipts for the year exceed P1,919,500 is subject to:
- value-added tax.
 - ☒ common carrier's tax.
 - garage sales tax.
 - franchise tax.
48. In a certain civil case, Wilfredo, plaintiff, was awarded by the court P20,000 damages representing profit he failed to realize on account of defendant's failure to comply with his obligation to Wilfredo. Are those damages taxable income of Wilfredo?
- No, because damages are generally not subject to income tax.
 - ☒ Yes, because damages which are excluded from gross income are only those that are paid arising from injuries or sickness.
 - No, because no criminal case was filed by Wilfredo.
 - Yes, because damages arising out of a civil case is always taxable under the current provisions of the Tax Code.



In October 2016, Czarina married and Grace became gainfully employed.

56. The total personal exemptions of Mr. Caiga for 2016 is: 50,000
25K
 a. P150,000 c. P100,000
 b. P125,000 d. None of the choices 25K
57. The total personal exemptions of Mr. Caiga for 2017 is: 25K
125K
 a. P150,000 c. P100,000
 b. P125,000 d. None of the choices
58. A senior citizen who is also a PWD:
 a. can claim only one discount.
 b. can claim two discounts, 20% as senior citizen and 20% as PWD.
 c. cannot claim any discount.
 d. is a very unfortunate person.

59. The following sales invoice is presented to you:

Sales	P1,120.00
Less: 20% discount	224.00
Amount payable by PWD before percentage tax	896.00
Add: 3% percentage tax (896 x 3%)	26.88
Total amount due	P 922.88

Is the sales invoice correct?

- a. Yes, because PWDs and senior citizens are not exempt from the percentage tax.
 b. No, because PWDs and senior citizens are exempt from the percentage tax.
 c. Yes, because PWDs and senior citizens are subject to percentage tax if they are allowed the 20% discount.
 d. No, because PWDs and senior citizens are not allowed discount once their purchases are subject to percentage tax.
60. This refers to a transport document issued by shipping lines, carriers and international freight forwarders or non-vessel operating common carrier for water-borne freight.
 a. Airway Bill c. Goods Declaration
 b. Bill of Lading d. Export Declaration
61. Assume that "Mr. Era" bought shares of stock in 1970 at a cost of P100,000. He donated these shares to "Mr. Aio" on January 1, 1998, during which time, the said shares has a fair market value of P 1,000,000 and on the basis of such fair market value, "Mr. Era" paid the corresponding donor's tax. "Mr. Aio", the donee, sold the shares on January 1, 1999 for a consideration of P 2,000,000. Cost 100,000

How much is the capital gain (loss) from sale of shares of stock?

- a. P1,900,000 c. P950,000 2M
 b. P1,000,000 d. P500,000 1,900,000
62. One of following statements is correct.
 a. The terms "including" and "includes", when used in a definition contained in this Title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.
 b. The term "including" and "includes", when used in a definition contained in this Title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.
 c. The terms "including" and "includes", when use in a definition contained in this Title, shall not be deemed to exclude other things otherwise within the meaning of the term defined.
 d. The terms "including" and "includes", when used in a definition contained in this Title, shall not be deem to exclude other things otherwise within the meaning of the term defined.
63. Workaholics, take note. You can literally work (yourself, yourselves, themselves) to an early death.
 a. Yourself
 b. Yourselves
 c. Themselves
 d. None of the choices
64. Which of the following statements is correct?
 a. One of the factors influencing tax evasion is the benefit of not paying taxes.
 b. One of the factor influencing tax evasion is the benefit of not paying taxes.
 c. One of the factors influencing tax evasion are the benefits of not paying taxes.
 d. One of the factors influencing tax evasion are the benefit of not paying taxes.

