

CPAR
CPA Review School of the Philippines

FINAL PRE-BOARD EXAMINATION

Taxation

Saturday, April 21, 2018

8:00 AM to 10:00 AM

Instructions: Choose the BEST answer for each of the following items. Mark only one answer for each item on the Special Answer Sheet provided. Strictly no erasure allowed.

1. When a property is transferred during lifetime to relieve the transferor from the burden of management of such property, and the transfer is subject to tax, the basis of the tax is
 - a. The FMV at the time of donation
 - b. The FMV at the time of death of the donor
 - c. The FMV at the time the donor acquired the property
 - d. The cost of the property in the hands of the donor
2. Which of the following taxes had been replaced by the VAT?
 - a. Percentage tax on international air and shipping carriers doing business in the Philippines
 - b. Tax on life insurance premiums
 - c. Caterer's tax on operators of restaurant and eating places
 - d. Tax on agents of foreign insurance companies
3. An individual taxpayer is qualified to substituted filing of income tax return if he meets the following requisites, except:
 - a. Pure compensation income only
 - b. One employer during the calendar year
 - c. Creditable withholding tax is correct
 - d. Should be a minimum wage earner
4. A common carrier by land is engaged in the transport of passengers, goods and cargoes. A's gross receipts amounted to P3M, 50% of which came from transport of passengers. He is not VAT-registered. What business taxes will A pay?
 - a. 12% value-added tax
 - b. 3% common carrier's tax
 - c. 3 % tax on VAT-exempt persons on gross receipts from transport of goods and cargoes and 3% common carrier's tax on gross receipts from transport of passengers
 - d. 12% VAT on gross receipts from transport of goods and cargoes and 3% common carrier's tax on gross receipts from transport of passengers.
5. A keeper of garage whose gross receipts for the year exceed P3M is subject to:
 - a. value-added tax
 - b. common carrier's tax
 - c. excise tax
 - d. franchise tax
6. How long must the books of accounts be kept?
 - a. For a period beginning the preceding taxable year until the last day of the current taxable year
 - b. For a period beginning the current taxable until the last day of the following taxable year
 - c. For a period beginning from the last entry in each book until the last day prescribed within which the Commissioner is allowed to make an assessment
 - d. For a period of 3 years beginning from the current taxable year until the last day of the third taxable year
7. Which of the following is not correct?
 - a. A tax credit certificate validly issued by the BIR maybe used as credit against internal revenue taxes except against withholding tax
 - b. All taxes imposed and collected by the BIR are internal revenue taxes
 - c. Public officials who acquire information on violation of internal revenue laws in the performance of their duties during their incumbency are entitled to informer's reward
 - d. The proceedings on the protest in the BIR is an administrative proceedings
8. Which of the following is not subject to VAT?
 - a. Non-life insurance premiums
 - b. Non-life reinsurance premiums
 - c. Non-life insurance commissions
 - d. Non-life reinsurance commissions

9. When no notice or audit or investigation of tax return, statement or declaration has been actually served upon the taxpayer, the tax return may be modified, changed or amended by the taxpayer, from the date of such filing, within
- 30 days
 - 180 days
 - 3 years
 - 5 years
10. The following are the requirements to exempt retirement pay due to old age from income tax, except
- The retiree must be a senior citizen
 - The retirement program is approved by the BIR
 - The retirement pay should have been availed of for the first time
 - The retiree should have been employed for at least 10 years
11. Mr. A files his ITR for 2012 on April 1, 2013 and paid the tax due thereon of P100,000. The BIR made an assessment on April 15, 2016 which shows that the correct income tax due should have been P150,000 requiring payment on or before July 15, 2016. The assessment was received by Mr. A on June 1, 2016. Mr. A can
- Ignore the assessment because June 1, 2016 is beyond 3 years from April 1, 2013
 - Ignore the assessment because June 1, 2016 is beyond 3 years from April 15, 2013
 - Appeal to the CTA within 30 days from June 1, 2016
 - Dispute the assessment with the CIR within 30 days from June 1, 2016
12. ABC Corporation has the following sales during the month:
- | | |
|---|-------------|
| a. Sale to private entities subject to 12% vat | P 1,000,000 |
| b. Sale to private entities subject to 0% vat | 1,000,000 |
| c. Sale to the government subjected to 5% final withholding vat | 1,000,000 |
| d. Sale of goods exempt from vat | 1,000,000 |
- The following input taxes were passed on by its vat suppliers:
- | | |
|--|---------|
| i. On taxable goods (12%) | 50,000 |
| ii. On zero rated sales | 30,000 |
| iii. On sale to the government | 40,000 |
| iv. On sale of exempt goods | 20,000 |
| v. On depreciable capital goods not attributable to any specific activity (monthly amortization) | 200,000 |
- The unrecoverable input vat which may be recognized as cost or expense
- P70,000
 - P160,000
 - P20,000
 - P90,000
13. Using the above data, the input vat which may be refunded
- P30,000
 - P50,000
 - P80,000
 - P60,000
14. The total creditable input vat
- P100,000
 - P180,000
 - P250,000
 - P170,000
15. One of the following is not within the powers of the Commissioner of Internal Revenue
- Compromise the payment of internal revenue tax on the ground of taxpayer's financial incapacity
 - Compromise the payment of internal revenue tax on the ground that there is reasonable doubt as to the validity of the assessment
 - Compromise criminal violation if already filed in court and those involving fraud
 - Abate or cancel a tax liability on the ground that the cost of collection is greater than that of the tax to be collected
16. One of the following is not the effect of failure to affix documentary stamps; the document, instrument or paper
- Shall not be recorded in the proper registry
 - Shall not be valid
 - Shall not be admitted or used as evidence in court
 - Shall not be acknowledged by a notary public or other officer authorized to administer oaths

17. A insured his life for P10M. In case A dies, the proceeds of the life insurance shall be:
 - a. Excluded from gross estate if the beneficiary is the estate, executor or administrator whether revocable or irrevocable
 - b. Part of gross income if the beneficiary is a third person and the designation is revocable
 - c. Part of the gross estate if the beneficiary is a third person and the designation is irrevocable
 - d. Excluded from gross income whether beneficiary is revocable or irrevocable
18. A acquired his residential land in 2000 at a cost of P1,000,000. He sold the property on January 1, 2018 with a fair market value of P5,000,000 for a consideration of P4,000,000. Within 18 months, he purchased his new principal residence at a cost of P7,000,000. How much is the capital gains tax?
 - a. P300,000
 - b. P240,000
 - c. P75,000
 - d. P0
19. Using the same data, except that A acquired his new principal residence at a cost of P3,000,000, how much is the capital gains tax?
 - a. P300,000
 - b. P240,000
 - c. P75,000
 - d. P0
20. One of the following is not correct
 - a. The estate must be valued at the time of death of the decedent
 - b. Real estate situated in foreign countries will be included in the gross estate of a resident alien decedent
 - c. The Commissioner shall have the authority to grant, in meritorious cases, a reasonable extension not exceeding 6 months for filing the estate tax return
 - d. Vanishing deduction is subject to limitation
21. In a transfer in contemplation of death, revocable transfer and transfer under a general power of appointment, there are rules to observe to determine what amount to include in the gross estate, which is not a rule to observe?
 - a. If the transfer was in the nature of a bona fide sale for an adequate and full consideration in money or money's worth, no value shall be included in the gross estate
 - b. If there was no consideration received on the transfer as in donation inter-vivos, the value to include in the gross estate shall be the fair market value of the property at the time of transfer
 - c. If the consideration received on the transfer was less than adequate and full, the value to include in the gross estate shall be the excess of the fair market value of the property at the time of decedent's death over the consideration received
 - d. If there was no consideration received on the transfer as in donation mortis causa, the value to include in the gross estate shall be the fair market value of the property at the time of the decedent's death
22. For proceeds of life insurance not to constitute part of the gross estate
 - a. Must have been taken out by the decedent upon his life
 - b. Must have designated the estate of the decedent as irrevocable beneficiary
 - c. Must have designated a third person as, the decedent's executor or administrator as the irrevocable beneficiary
 - d. Must have designated a third person other than the estate, the decedent's executor or administrator as irrevocable beneficiary
23. Which of the following is subject to VAT?
 - a. Importation of personal or household effects belonging to the residents of the Philippines returning from abroad and non-resident citizen coming to resettle in the Philippines where such goods were subjected to customs duties
 - b. Importation of passenger or cargo vessel and aircrafts, including engine, equipment and spare parts thereof for domestic or international transport operation
 - c. Importation of fuel, goods and supplies by persons engaged in international shipping or air transport operations
 - d. Sale of real property not primarily held for sale to customers or held for lease in the ordinary course of business

24. Which of the following is exempt from VAT?
- Sale of passenger or cargo vessels and aircraft, including engine, equipment and spare parts thereof for domestic or international transport operations
 - Sale of professional instruments and implements wearing apparel, domestic animals and personal household effect
 - Sale of fuel, goods and supplies by persons engaged in international shipping or air transport operations
 - Importation by persons who are not vat registered
25. Mr. Alvarez is in the retail business. He received a deficiency tax assessment from the BIR containing only computation of the deficiency tax and the penalties, without any explanation of the factual and legal bases for the assessment. Is the assessment valid?
- The assessment is valid, all that Mr. Alvarez has to know is the amount of the tax
 - The assessment is invalid; the law requires a statement of the facts and the law upon which the assessment is based
 - The assessment is valid but Mr. Alvarez can still contest it
 - The assessment is invalid because Mr. Alvarez has no way to determine if the computation is erroneous
26. Prior to the VAT law, sales of cars were subject to sales tax but the tax applied only to the original or the first sale; the second and subsequent sales were not subject to tax. Deltoid Motors Incorporation hit on the idea of setting up a wholly owned subsidiary, Gonmad Motors and of selling its assembled cars to Gonmad at a low price so it would pay a lower tax on the first sale. Gonmad would then sell the cars to the public at a higher price without paying any sales tax on this subsequent sale. Characterize the arrangement.
- The plan is legitimate exercise of tax planning and merely takes advantage of a loophole in the law
 - The plan is legal because the government collects taxes anyway
 - The plan is improper, the veil of corporate fiction can be pierced so that the second sale will be considered the taxable sale.
 - The government must respect Gonmad's separate juridical personality and Deltoid's taxable sale to it.
27. Taxpayer A was required by the BIR to sign and submit a waiver of the statute of limitations on the assessment period, to give the BIR more time to complete its investigation. The BIR accepted the waiver but failed to indicate the date of its acceptance. What is the legal status of the waiver?
- The waiver is valid because the date of acceptance is immaterial and unimportant
 - The waiver is invalid; the taxpayer cannot be required to waive the statute of limitation
 - The waiver is invalid; the date of acceptance is crucial in counting the start of the period of suspension of the prescriptive period
 - The waiver is valid, having been accepted by the BIR
28. Taxpayer Andy received on January 3, 2017 a preliminary assessment notice (PAN) from the BIR, stating that he had fifteen days from its receipt to comment or to file a protest. Eight days later, before he could comment or file a protest, Andy received the final assessment notice (FAN). Decide on the validity of the FAN?
- The FAN is invalid; Andy was not given the chance to respond to the PAN, in violation of his due process rights
 - The FAN is invalid for being premature
 - The FAN is valid since it was issued before the right to assess prescribed
 - The FAN is valid. There is no legal requirement that the FAN should await the protest to the PAN because protest to the PAN is not mandatory
29. The spouses Jun and Elvira Sandoval purchased a piece of land for Php 5,000,000 and included their two minor children as co-purchasers in the Deed of Absolute Sale. The Commissioner of the Internal Revenue ruled that there was an implied donation and assessed donor's taxes against the spouses. Rule on the CIR action.
- The CIR is wrong, a donation must be express.
 - The CIR is wrong, financial capacity is not a requirement for a valid sale
 - The CIR is correct, the amount involved is huge and ultimately ends up with the children
 - The CIR is correct, there was animus donandi since the children had no financial capacity to be co-purchaser.

30. Mr. Mayuga donated his residential house and lot to his son and duly paid the donor's tax. In the Deed of Donation, Mr. Mayuga expressly reserved for himself the usufruct over the property for as long as he lived. Describe the donated property from the taxation perspective.
- The property will form part of Mr. Mayuga's gross estate when he dies.
 - The property will not form part of Mr. Mayuga's gross estate when he dies because he paid the donor's tax
 - The property will form part of Mr. Mayuga's gross estate because he died soon after the donation
 - The property will not form part of Mr. Mayuga's gross estate because it is no longer his
31. In May 2017, Mr. and Mrs. Melencio Antonio donated a house and lot with a fair market value of Php 10M to their son, Roberto, who is to be married during the same year to Josefina. Which statement below is incorrect?
- There are four donations – two donations are made by Mr. Melencio to Roberto and Josefina, and two donations are made by Mrs. Antonio
 - The four donations are made by the spouses Antonio to members of the family, hence subject to the graduated donor's tax rates
 - Two donations are made by the spouses to members of the family, while two other donations are made to strangers
 - Two donations made by the spouses to Roberto are entitled to deduction from the gross gift as donation proper nuptias
32. Input tax is available to a VAT registered buyer, provided that
- The seller is VAT registered person
 - The seller issues a VAT invoice or official receipt, which separately indicates the VAT component
 - The goods or service is subject to or exempt from VAT, but the sale is covered by a VAT invoice or receipt issued by a VAT registered person
 - The name and TIN of the buyer is not stated or shown in the VAT invoice or receipt
33. A hotel operator that is a VAT registered person and who leases luxury vehicles to its hotel customers is
- Subject to the 3% common carriers tax and 12% VAT
 - Subject to the 3% common carriers tax only
 - Subject to 12% VAT only
 - Exempt from both the 3% common carriers tax and 12% VAT
34. The public market vendor below, who is not a VAT registered person is liable to VAT in 2017 if
- She sells raw chicken and meats and her gross sales during the year is Php 4M
 - She sells vegetables and fruits in her stall and her gross sales during the year is Php 6M
 - She sells canned goods, processed coconut oils and cut flowers in her stalls and her gross sales during the year is Php 5M
 - She sells live fish, shrimps and crabs and her gross sales during the year is Php 8M
35. Which statement is false under the VAT law
- A VAT registered person will be subject to VAT for his taxable transactions, regardless of his gross sales or receipts
 - A person engaged in trade or business selling taxable goods or services must register as a VAT person, when his gross sales or receipts for the year 2017 exceed Php 3M
 - A person who issued a VAT registered invoice or receipt for a VAT exempt transaction is liable to the 12% VAT as a penalty for the wrong issuance thereof
 - Once a doctor of medicine exercises his profession during the year, he needs to register as a VAT person and to issue VAT receipts for professional fees received
36. The Commissioner of Internal Revenue issued a BIR ruling to the effect that the transaction is liable to income tax and value added tax. Upon receipt of the ruling, a taxpayer does not agree thereto. What is his proper remedy?
- File a petition for review with the Court of Tax Appeals within thirty days from receipt thereof
 - File a motion for reconsideration with the Commissioner of Internal Revenue
 - File an appeal to the Secretary of Finance within 30 days from receipt thereof
 - File an appeal to the Secretary of Justice within 30 days from receipt thereof

37. On April 15, 2017, the Commissioner of Internal Revenue mailed by registered mail the final assessment notice and the demand letter covering the calendar year 2013 with the QC Post Office. Which statement is correct?
- The assessment notice is void because it was mailed beyond the prescriptive period
 - The assessment notice is void because it was not received by the taxpayer within the three year period from the date of filing of the tax return
 - The assessment notice is void if the taxpayer can show that the same was received only after one month from date of mailing
 - The assessment notice is valid even if the taxpayer received, the same after the three year period from the date of filing of the tax return
38. A preliminary assessment notice is not required to be issued by the BIR before issuing a final assessment notice in one of the following cases
- When a taxpayer does not pay the 2016 deficiency income tax liability on or before July 15 of the year
 - When the finding for any deficiency tax is the result of mathematical error in the computation of the tax as appearing on the face of the return
 - When a discrepancy has been determined between the value added tax paid and the amount due for the year
 - When the amount of discrepancy shown in the letter notice is not paid within thirty days from date of receipt
39. Which court has jurisdiction to determine if the warrant of distraint and levy issued by the BIR is valid and to rule if the waiver of the Statute of Limitations was validly effected?
- City courts
 - Regional Trial Courts
 - Court of Tax Appeals
 - Court of Appeals
40. In case of full or partial denial of the written claim for refund or excess input tax directly attributable to zero rated sales, or the failure on the part of the Commissioner to act on the application within 120 days from the date of submission of complete documents, an appeal must be filed with the CTA
- Within 30 days after filing the administrative claim with the BIR
 - Within 60 days after filing the administrative claim with the BIR
 - Within 120 days after filing the administrative claim with the BIR
 - Within 30 days from the receipt of the decision denying the claim or after the expiration of the 120 day period
41. The submission of the required documents within 60 days from the filing of the protest is available only where
- The taxpayer previously filed a Motion for Reconsideration with the BIR official
 - The taxpayer previously filed a request for reconsideration with the BIR official
 - The taxpayer previously filed a request for reinvestigation with the BIR official
 - The taxpayer previously filed an extension to file a protest with the BIR official
42. The prescriptive period for the collection of the deficiency tax assessment will be tolled
- If the taxpayer files a request for reconsideration with the Assistant Commissioner
 - If the taxpayer files a request for reinvestigation that is approved by the Commissioner of Internal Revenue
 - If the taxpayer changes his address in the Philippines that is communicated with the BIR
 - If a warrant or levy is served upon the taxpayer's real property in Manila
43. Which statement is correct? The collection of a deficiency tax assessment by distraint and levy
- Maybe repeated, if necessary, until the full amount due including all expenses is collected
 - Must be done successively first by distraint and then by levy
 - Automatically covers the bank deposits of a delinquent taxpayer
 - May be done only once during the taxable year

44. X Corporation had excess income tax payment for the year 2016, which it chose to carryover in 2017. In filing its 2017 corporate income tax return, it signified its intention (by checking the small box "refund" at the bottom of the return) to get a refund of the overpaid amount in 2016. Can the refund be allowed or not and if disallowed, does X Corporation lose the claimed amount?
- X Corporation may not get the refund because the decision to carryover in 2017 was irrevocable for that year and it may not change that decision in succeeding years
 - X Corporation may not get the refund in 2017, but the amount being claimed as refund may be utilized in the succeeding years until fully exhausted because there is no prescriptive period for carry over of excess income tax payments
 - X Corporation may get the refund, provided that it will no longer carry over such amount or utilize the same against its income tax liability in the future
 - X Corporation may file instead a claim of tax credit in lieu of refund.
45. ABC, a 100 bed proprietary hospital organized in 2000, had the following data for 2016:
- | | |
|--|--------|
| Gross receipts from patients and laboratory services | P 8.5M |
| Rental Income (net of 5% w/t) | 1.425M |
| Total hospital expenses | 8.2M |
- The income tax still due for 2011 is:
- Php 540,000
 - Php 105,000
 - Php 180,000
 - Php 465,000
46. A filed his ITR for 2016 on April 15, 2017 and will pay his tax liability in installment. The return shows an income tax due of P100,000 and income tax withheld of P60,000. If A pays the 2nd installment only on October 15, 2017, the amount to be paid (excluding compromise penalty) is
- P26,000
 - P35,000
 - P55,000
 - P52,000
47. Due to financial difficulties, ABC Corp requested that its 2016 income tax liability of P400,000 be paid in four (4) equal monthly installments, starting April 15, 2017. His request for installment payment was approved on April 8, 2017. The tax due on May 15, 2017 is
- P100,000
 - P101,667
 - P105,000
 - P106,667
48. XYZ Corporation filed its income tax return and paid the tax due for calendar year 2016 showing a tax liability of P175,000. However, upon audit, it was discovered that its income tax return was false or fraudulent because it did not report other taxable income. Per investigation the correct income tax due is P350,000. The corporation was duly informed of this finding through a preliminary assessment notice. Failing to protest on time against the preliminary assessment notice, a formal letter of demand and assessment notice was issued on May 31, 2018 calling for payment of the deficiency income tax on or before July 15, 2018. The amount due on July 15, 2018 is
- P306,250
 - P218,750
 - P341,250
 - P612,500
49. DEF College, a private educational institution organized in 2015 had the following data in 2017:
- | | |
|-------------------------------|----------|
| Tuition Fees | Php 4.8M |
| Rental Income (net of 5% w/t) | 4.940M |
| Total school expenses | 9.45M |
- The income tax still due for 2017 is
- Php 165,000
 - (Php 95,000)
 - (Php 60,000)
 - Php 200,000
50. A, a VAT registered person had the following data for April 2017 (vat not included):
- Export sale of feeds for animals
 - For human consumption P 1,500,000
 - For race horses and fighting cocks 500,000
 - Domestic sale of feeds for animals
 - For human consumption 750,000
 - For race horses and fighting cocks 250,000
 - Input tax which cannot be directly attributed to any of the above sales 100,000
- The output tax for April is
- P30,000
 - P90,000
 - P60,000
 - P120,000
51. Using the above data, the vat still due (excess input tax) is
- (P45,000)
 - (P20,000)
 - (P70,000)
 - P5,000

52. Proceeds of life insurance where a third person other than the executor, or administrator or the decedent is the beneficiary is
- Part of gross income whether revocable or irrevocable
 - Not part of gross income whether revocable or irrevocable
 - Part of gross estate whether revocable or irrevocable
 - Not part of gross estate whether revocable or irrevocable

53. A's income tax liability for 2016 was P75,000. She filed the return and paid the total amount due but not with the proper internal revenue district office on July 15, 2017. The amount payable (ignoring compromise penalty) is

a. P97,500 b. P112,500 c. P116,250 d. P 135,000

54. DODC Airlines, a foreign international air carrier showed the following gross receipts:

Point of Origin	Destination	Gross Receipts
Philippines	China	P 2,000,000
Philippines	Singapore	1,600,000
Singapore	Japan	3,000,000

Twenty-five percent of the shipment from the Philippines to Singapore were later shipped from Singapore to Japan. The percentage tax due is

a. P198,000 b. P186,000 c. P108,000 d. P96,000

55. DODC Broadcasting Company, a non-vat holder of a franchise to operate a radio and television network reported the following gross receipts (net of any tax):

Year 2015	P 9,000,000
2016	12,000,000
2017	18,000,000

The business tax liability

	2015	2016	2017
a. P 270,000	P 360,000	P 2,160,000	
b. 1,080,000	1,440,000	2,160,000	
c. 270,000	1,440,000	2,160,000	
d. 1,080,000	360,000	2,160,000	

56. The gross estate of A includes P80,000 receivable which is duly notarized from debtor B whose records show:

a. Assets	P 100,000
b. Indebtedness to:	
i. Government by way of taxes	40,000
ii. A	80,000
iii. Other creditors	20,000

The deductible claims against insolvent person is

a. P80,000 b. P29,285 c. P48,000 d. P32,000

57. XYZ Corporation, a domestic corporation had the following data during the calendar year 2017

Gross income	P 1,000,000
Business connected expenses	400,000
Dividends from:	
a. Domestic corporation	100,000
b. Foreign corporation, 90% of the gross income was derived from the Philippines	100,000
c. Foreign corporation, 60% of the gross income was derived from the Philippines	80,000
d. Foreign corporation, 30% of the gross income was derived from the Philippines	40,000

The taxable income is

a. P920,000 b. P820,900 c. P748,000 d. P750,000

58. Which of the following statements is not correct?
- Compensation income of individuals that do not exceed the statutory minimum wage is exempt from the requirement of withholding tax on compensation.
 - Compensation income of individuals that do not exceed ten thousand pesos per month is exempt from the requirement of withholding tax on compensation.
 - Holiday pay, overtime pay, night shift differential pay and hazard pay received by individuals shall be exempt from income tax.
 - Minimum wage earners who are receiving only the statutory minimum wage are not subject to withholding tax and consequently to income tax.

59. A filed his income tax return for the calendar year 2013 on March 20, 2014. When is the last day for the BIR to collect assuming A did not pay the tax due upon filing?

a. March 20, 2017 b. April 15, 2017 c. April 15, 2019 d. March 20, 2019

60. Using the above data, assuming A filed his income tax return on April 20, 2014 and the return is not fraudulent, when is the last day for the BIR to make an assessment?

a. April 20, 2017 b. April 15, 2017 c. April 20, 2019 d. April 15, 2019

61. Using the above data, if the BIR issued a deficiency income tax assessment on March 10, 2017, when is the last day for the BIR to collect?

a. March 10, 2020 b. April 15, 2020 c. March 10, 2022 d. April 15, 2022

62. The export sale of a vat registered enterprise is

a. Exempt from the vat c. Subject to the 12% vat
b. Subject to the 0% vat d. Subject to percentage tax

63. The DOC restaurant, a VAT-registered taxpayer, issued the following official receipt dated April 18, 2017:

2 pieces crispy chicken	P200.00	
Siomai special	45.00	
Sago-gulaman	85.00	
Mushroom and chicken soup	100.00	
Braised beef with cauliflower	240.00	
Coke light in can (2xP40)	<u>80.00</u>	P750.00
Local tax		15.00
Service charge		<u>60.00</u>
Total		P825.00

The output vat on the sale is

a. P99.00 b. P88.39 c. P80.36 d. P81.96

64. Which of the following properties owned by a non resident alien decedent is not subject to the rule on reciprocity?

a. Shares of stock in a Philippine domestic corporation
b. Investment in stock in a US corporation 80% of the business of which is in the Philippines
c. Investment in bonds in a US corporation that have acquired business situs in the Philippines
d. 40% share in a Philippine partnership

65. A sold a personal property held as capital asset he acquired 9 years ago with an acquisition cost of P150,000 for P270,000. The payment shall be made in the following terms. Cash down payment of P40,000 and additional P10,000 at the end of the year of sale. The property sold has been mortgaged for P160,000 which is assumed by the buyer. The buyer issued a note payable for the balance which is to be paid equally in two years following the year of sale. The contract price is

a. P270,000 b. P110,000 c. P120,000 d. P130,000

66. The taxable profit for the first year is

a. P120,000 b. P60,000 c. P30,000 d. P15,000

67. Which of the following statements is not correct?
- An article subject to excise tax maybe exempt from vat
 - An article subject to excise tax maybe subject to vat
 - A taxpayer may have two businesses where one is subject to vat and the other is subject to percentage tax
 - Manufacturers and importers of goods are subject to excise tax

68. Property subject to vanishing deduction had the following data. Fair market value when inherited 4 ½ years before and at the death of P220,000 and P320,000 respectively. Mortgage indebtedness paid thereon by the decedent is P20,000. Gross estate and deductions (except vanishing deduction and family home and standard deduction) of P2,000,000 and P50,000, respectively. The vanishing deduction is
- P78,000
 - P220,000
 - P195,000
 - P39,000

69. The following were taken from the income statement of A Corporation for the taxable year 2016:

Gross profit from sales		P1,000,000
Less: Business connected expenses	P 630,000	
Provision for bad debts	<u>90,000</u>	<u>720,000</u>
Net income before income tax		P 280,000

Additional information:

a. Accounts written off during the year and charge to allowance for bad debts	P 60,000
b. Recoveries on accounts receivable previously written off in 2015:	
i. Allowed by BIR as deductions	30,000
ii. Disallowed by BIR as deduction	40,000
c. Refund of taxes paid in 2015:	
i. Allowed by BIR as deduction	50,000
ii. Disallowed by BIR as deduction	60,000

The taxable income is

- P310,000
- P410,000
- P390,000
- P340,000

70. A, a VAT registered taxpayer made the following acquisition of capital goods from VAT registered suppliers (net of vat) during the quarter:

Date	Cost	Estimated Life
July 2	P1,500,000	8 years
10	500,000	2 years
August 5	400,000	3 years
20	500,000	4 years
September 10	500,000	4 years
15	600,000	6 years

The July 2 acquisition was retired in September. The input tax for September is

- P176,450
- P178,950
- P7,950
- P4,950

The End!