

Tax2
3rd Exam

Jon D. Inocentes, CPA
August 2, 2016

1. West Star Realty Corp. Sells a commercial lot in the month of November 2013 under the following terms (including VAT):

Total contract price	P 1,120,000
Downpayment, 11-01-2013	112,000
First installment, 12-01-2013	112,000
Zonal value	P 1,500,000

The output VAT in November 2013 is:

- a. P 12,000 b. P 120,000 c. P 18,000 d. P 180,000

2. Magnifico Corp. Is a Vat registered dealer of appliances. The following data are for the last quarter of 2016

Sales, total invoice value	6,920,000
Purchases, net of input taxes	5,500,000
Sales return, total invoice value	200,000
Purchase return, net of vat	300,000
Deferred input taxes (carried over from the third quarter of 2016)	12,000

The value added tax payable for the last quarter of 2016 by Magnifico Corp is

- a. P 84,000 b. P 96,000 c. P 108,000 d. P 130,500

3. Farmland Merchandising became subject to VAT effective January 1, 2013:

The following are its records:

Gross sales- January 1 to Dec. 31, 2012 P 2 900 000

January 2013 data:

January 1 inventory:

Purchased from VAT registered persons

48 000

Purchased from non-VAT registered persons

332 000

Actual VAT paid

5 140

Sales (total invoice amount)

224 000

Purchases (exclusive of VAT)

60 000

The VAT payable on January 2013 is -

- A. P 11 660 C. P 16 400
B. P 9 200 D. None

4. Azucarera de Papa is a processor of refined sugar. It purchases sugarcane from farmers for processing into intermediate stages until it becomes refined sugar. In a month, it had the following sales and purchases, no tax included:

Sales	P 880 000
Purchases of sugarcane	220 000
Purchases of containers and paper labels	100 00

The value-added tax payable is:

- A. P 67 200 C. P 84 800
B. P 89 200 D. P 69 200

5. In a month, total invoice prices/costs:

Domestic sales P 672 000

Export sales 1 500 000

Purchases from VAT-registered persons of:

Goods exported 560 000

Goods sold in the Philippines 224 000

Operating expenses 112 000

The input taxes attributable to export sales which may be refunded or credited against other internal revenue taxes, including any value-added tax on domestic sales, is:

- A. P 60 000 C. P 84 000
B. P 24 000 D. P 96 000

Japayuki Corp. imported an article from Japan. The invoice value of the following article was P 1 000 000 Yen (1 Yen = P0.50), the following were incurred in connection with the importation:

Insurance P 15 000
Freight 10 000
Postage 5 000
Wharfage dues 7 000

Arrastre charges 8 000
Brokerage fee 25 000
Facilitation fee 3 000

Lexagard (initial)

The imported article was subject to P 50 000 customs duty and P 30 000 excise tax. Japayuki Corp. spent P 5 000 for trucking from the customs warehouse in Quezon City.

6. The VAT on importation is:

- A. P 65 800 C. P 65 000
B. P 78 000 D. P 50 000

7. Assuming that the imported article was sold for P 950 000, VAT exclusive, the VAT payable is:

- A. P 36 000 C. P 30 000
B. P 29 200 D. P 114 000

Felicisima had the following data during the month of February:

	Case A	Case B
Sales, net of VAT	1 900 000	2 800 000
Purchases of goods for sale, exclusive of VAT	1 260 000	1 600 000
Purchases of machines (VAT not included)	1 440 000	900 000
Machine life	6 years	3 years

8. The VAT payable in Case A:

- A. P 76 800 C. P 74 400
B. P 78 920 D. P 154 080

9. The VAT payable in Case B:

- A. P 36 000 C. P 142 200
B. P 141 000 D. P 300 000

10. The VAT payable in Case A if the life of the machine is 4 years only:

- A. P 73 920 C. P 73 200
B. P 154 800 D. P 74 400

11. The following first quarter data pertain to a value-added taxpayer whose purchases were all from value-added taxpayers:

Output taxes, January	P 132 000	} (Output) TC 264,000 - 100,000 = 164,000
Input taxes, January	240 000	
Output taxes, February	348 000	
Input taxes, February	144 000	
Sales, total invoice price, March	3 360 000	
Purchases, total invoice cost, March	1 456 000	

The value-added tax payable for March is:

- P 190 400 C. P 204 000
P 192 000 D. P 260 400

12. A VAT registered business has the following transactions:

Sales of good to private entities, net of 12% VAT	P 2 500 000
Purchases of goods sold to private entities, gross of 12% VAT	896 000
Sales to a GOCC, net of 12% VAT	1 000 000
Purchases of goods sold to GOCC, net of 12% VAT	700 000

How much is the withholding VAT?

- A. P 120 000 C. P 50 000
B. P 70 000 D. none of the above

13. Dugong Trans, is a common carrier by **sea**. During a particular quarter its receipts consist of the following(Figures are net of any business taxes)

Transport of passengers	P 3,000,000
Transport of goods	5,500,000
Transport of cargoes	6,500,000

The total business taxes payable is _____

14. Dugong Trans, is a common carrier by **land**. During a particular quarter its receipts consist of the following(Figures are net of any business taxes)

Transport of passengers	P 3,000,000
Transport of goods	5,500,000
Transport of cargoes	6,500,000

The total business taxes payable is _____

15. Kitkat, a VAT taxpayer, had the following data for the first 3 months of taxable year 2013:

Data for the months of	January	February	March
VAT not included:			
Sales	P 1 150 000	P 2 000 000	P 1 850 000
Purchases	600 000	1 600 000	900 000

There was a deferred input tax of P 20 000 at the end of the previous year. The value-added tax payable at the end of March is:

- A. P 90 000
B. P 180 000
C. P 95 000
D. P 114 000

THEORIES

1. Which statement is wrong? Transactions considered "in the course of trade or business" and, therefore, subject to the business taxes include:

- A. Regular conduct or pursuit of a commercial or an economic activity by a stock private organization.
B. Regular conduct or pursuit of a commercial or an economic activity by a non-stock, non-profit private organization.
C. Isolated services in the Philippines by non-resident foreign persons.
D. Isolated sale of goods or services for a gross selling price or receipts of P 500 000.

2. Gross selling price includes all of the following, except one. Which one?

- A. Total amount which the purchaser pays to the seller.
B. Total amount which the purchaser is obligated to pay to the seller.
C. Excise tax.
D. Value-added tax

3. Statement 1: The output value-added tax is computed by multiplying the gross selling price by 12%; or multiplying the total amount indicated in the invoice by 12/112.

Statement 2: The output value-added tax is computed by multiplying the total amount indicated in the invoice by 12%.

- A. Both statements are correct
B. Both statements are wrong
C. The first statement is correct but the second statement is wrong
D. The first statement is wrong but the second statement is correct

4. S1: in the books of accounts of a VAT-registered taxpayer, sales are recorded net of output taxes.

S2: in the books of accounts of a VAT-registered taxpayer, purchases are recorded net of input taxes.

- A. Both statements are correct
B. Both statements are wrong
C. The first statement is correct but the second statement is wrong
D. The first statement is wrong but the second statement is correct

5. The allowable transitional input tax is:

- A. The lower between 2% of the value of beginning inventory or actual VAT paid on such inventory.
- ☒ B. The higher between 2% of the value of beginning inventory or actual VAT paid on such inventory.
- C. The actual VAT paid on the beginning inventory.
- D. 2% of the value of beginning inventory.

6. Which statement is wrong?

- A. There is a transitional input tax on sales of goods or properties.
- B. There is a transitional input tax on sales of services.
- C. There is a presumptive input tax on sales of goods or properties.
- ☒ D. There is a presumptive input tax on sales of services.

7. Alamid imported cigarettes from Taiwan for sale. At a later date, he sold cigarettes in the Philippines. He is subject to value-added tax. He is also subject to the business tax of:

- ☒ A. Excise tax
- B. Income tax
- C. Percentage tax
- D. None of these

8. Philippine airlines has daily flights from Philippines to Abroad. What business tax will apply on the ticket sales?

- a. Three percent (3%) percentage tax
- b. Twelve percent (12%) VAT
- ☒ c. VAT at zero percent (0%)
- d. Exempt

9. The following shall be considered deemed sale except:

- a. A vat registered person withdraws goods from his business for personal use
- b. Distribution or transfer to shareholders or investors of property dividends taken from the Inventory of the business.
- ☒ c. Consignment of goods if actual sale is made within 60 days following the date such goods were Consigned
- d. Retirement or cessation of business of business with respect to all goods on hand, whether capital goods, stock in-trade, supplies or materials as of the date of such retirement or cessation whether or not the business is continued by the new owner or successor.

10. Which of the following sale or importation of goods shall not be exempt from VAT?

- a. Fertilizers
- b. Seeds, seedlings, and fingerlings
- c. Fish, prawn, livestock and poultry needs, including ingredients, whether locally produced or imported, used in the manufacture of feeds
- ☒ d. Specialty feeds

Tax2

Percentage Tax

Jon D. Inocentes, CPA

January 16, 2017

1. ABC Bank has the following income/loss for the following months:

	March	April	Interest	Dividends	Capital Gain
Interest income with maturity of less than 5 years	P 50 000	P 100 000	50,000 x 3% = 1,500	3,000	5,000
Rentals	50 000	50 000	50,000 x 3% = 1,500	(1,000)	700
Net trading gain/loss	(10 000)	20 000			7,000

The gross receipts tax for the months of March and April, respectively:

- a. 5 000; 8 500
b. 6 000; 9 900
c. 6 000; 9 200
d. 5 300; 9 200

2. Yveth sold the following shares of stocks of a domestic corporations, thru her broker.

	Cost	Selling Price	Date of Sale
Stocks of A Corporation	P 100 000	P 180 000	10-03-12
Stocks of B Corporation	350 000	320 000	10-20-12

The total percentage tax if the stocks are:

Listed & traded Not Not Listed & traded

- a. P 2 500 P 8 000
b. 2 250 5 000
c. 2 500 None
d. 2 250 8 000

$$\text{Listed} = \frac{180,000 - 100,000}{180,000} \times 0.005 = 9,500$$

Not listed 0 because capital gain tax

Filipinas Life Insurance Company had the following data on collections of premiums and disbursements during the month:

	Life insurance	Non-life insurance
Cash collections	P 150 000	P 145 700
Checks	45 000	34 600
Accounts receivable	25 200	53 500
Payments of expenses to VAT businesses		43 000
Payments of expenses to non-VAT businesses - dili gawin na claim sa input tax		35 000

3. The amounts indicated pertaining to VAT transactions do not include the value-added tax.
The premium tax due is-

- a. P 11 010
b. 14 785
c. P 9 750
d. 3 900

$$\text{Premium} = \frac{150,000 + 45,000}{195,000} \times 2\% = 3,900$$

4. The VAT payable is-

- a. P 17 484
b. 12 324
c. P 16 476
d. 12 276

$$\begin{aligned} \text{Output tax} &= 180,300 \times 12\% = 21,636 \\ \text{Input Tax} &= (43,000 + 35,000) \times 12\% = 11,476 \\ \text{VAT Payable} &= 21,636 - 11,476 = 10,160 \end{aligned}$$

Saulod is a common carrier with passenger buses and cargo trucks. For the month of June 2013, it had the following data on revenues and receipts, taxes not included:

For transporting passengers, gross revenues and receipts of P 330 000.

For transporting cargoes, gross revenues of P 220 000, of which P 200 000 was received.

For renting out to the MMDA its towing trucks, gross receipts of P 50 000, representing P 10 000 from gross revenue of the quarter ending March 31 and P 40 000 for the month of June.

5. The percentage tax is:

- a. P 17 400
b. 9 900
c. 16 500
d. 15 900

$$330,000 \times 3\% = 9,900$$

6. The output value-added tax is:

- a. P 24 000
b. 28 800
c. 25 000
d. 30 000

$$\begin{aligned} \text{Output tax} &= 200,000 \times 12\% = 24,000 \\ \text{Input tax} &= 50,000 \times 12\% = 6,000 \\ \text{VAT Payable} &= 24,000 - 6,000 = 18,000 \end{aligned}$$

7. DYYY is a franchisee to operate a radio station. The data in its books are as follows:

Gross receipts last year	P 8 000 000
Gross receipts during the month	700 000
Payment to VAT suppliers of goods and services	300 000
Payment to non-VAT suppliers of goods and services	20 000

The business tax payable if it is not VAT-registered/VAT registered:

Not VAT-registered	VAT-registered	
a. P 261 000	P 48 000	NVP $700,000 \times 3\% = 21,000$
b. 261 000	24 000	V.R. $700,000 \times 12\% = 84,000$
c. 21 000	48 000	Input: $(300,000 \times 12\%) (36,000)$
d. 21 000	24 000	<u>48,000</u>

based on collection
brought in

+ Revenues from the current period
Collections during the period of:
Revenues of prior periods
Revenues of the current period
Revenues of the succeeding period
(advances)

P 400 000
50 000
300 000
10 000
<u>760,000</u>
$3\% = 22,800$
$12\% = 91,200$

8. The business tax if a domestic common carrier by land for the transport of passengers:

- A. P 12 000
B. 9 000
C. P 10 800
D. 22 800

9. The business tax if a night club:

- A. P 54 000
B. 64 800
C. 72 000
D. 136 800

Che-che is a CPA. The following are her data during the period (amounts are net of tax):

Salary as accounting teacher and reviewer	P 20 000
Motel business (amounts are exclusive of tax):	
Gross receipts from business (VAT registered)	250 000
Discounts	25 000
Purchases:	
From VAT-registered suppliers	28 000
From non-VAT suppliers	27 500
Business expenses (60% VAT)	25 000
Practice of profession (not VAT-registered):	
Gross receipts	47 500
Purchases:	
From VAT registered sellers	21 200
From non-VAT sellers	18 000
Expenses- profession	24 000

71
83
93
247
247 = 7 = 83

7. - Gross receipts

10. The VAT payable is-

- A. P 2 640
B. 3 336
C. P 3 480
D. 21 840

11. The percentage tax payable is-

- A. P 225
B. 1 425
C. P 201
D. 681

Output Tax
 $(250,000 - 25,000 \times 12\%) 21,000$
Input:
 $(28,000 \times 12\%) (3,360)$
Bus. Exp. $(25,000 \times 6\%) (1,500)$
21,840

$47,500 \times 3\% = 1,425$