

CPA REVIEW SCHOOL OF THE PHILIPPINES
Manila

OPT, Excise Taxes, DST

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1. A is the owner of a small variety store. His gross sales in any one year do not exceed P3,000,000. He is not VAT-registered. The following data are taken from the books of the variety store for the quarter ending March 31, 2018:

Merchandise inventory, December 31, 2017	P100,000
Gross sales	450,000
Purchase from VAT-registered suppliers	350,000

The percentage tax due is

- a. P10,000 b. P13,500 c. P16,500 d. None
2. In the third quarter of 2018, a taxpayer engaged in the sale of services whose annual gross receipts do not exceed P3,000,000, had the following data
- | | |
|---|----------|
| Accounts receivable, beginning of the quarter | P 50,000 |
| Sales during the quarter | 100,000 |
| Accounts receivable, end of the quarter | 75,000 |
| Purchase of supplies, total invoice amount | 11,200 |

The percentage tax due for the quarter is

- a. P2,250 b. P3,000 c. P7,500 d. P6,500
3. A, operates a ferryboat. During a particular quarter, its receipts consist of the following
- | | |
|-------------------------------|------------|
| Gross receipts: (without VAT) | |
| Transport of passengers | P2,000,000 |
| Transport of goods | 1,500,000 |
| Transport of cargoes | 500,000 |
- The common carrier's tax payable is
- a. P30,000 b. P90,000 c. P100,000 d. None

4. Using the data above, the output VAT is

- a. P480,000 b. P90,000 c. P100,000 d. P240,000
5. A person whose business is to keep automobiles for hire or keep them stored for use or order
- a. Keepers of garages c. Taxicab operators
b. Common carrier d. Tourist bus operator

6. Which of the following statements is incorrect?

- a. A taxpayer whose annual gross receipts/sales exceed P3,000,000 shall pay VAT only if he is VAT-registered.
b. A taxpayer whose annual gross receipts/sales do not exceed P3,000,000 but who is VAT-registered shall pay VAT.
c. Excise tax may be imposed together with VAT.
d. Percentage tax may be imposed together with excise tax.

7. One of the following is subject to common carrier's tax

- a. Owners of banca
b. Owners of animal-drawn two wheeled vehicles
c. Common carriers by land for transport of goods or cargoes
d. Common carriers by land for transport of passengers

8. The franchise tax of grantees of radio and television broadcasting whose annual gross receipts of the preceding year do not exceed P10,000,000 shall be

- a. 2% of the gross receipts c. 4% of the gross receipts
b. 3% of the gross receipts d. 5% of the gross receipts

9. One of the following is not subject to the 3% percentage tax
- International air carrier doing business in the Philippines
 - International shipping carrier doing business in the Philippines
 - Domestic carriers and keepers of garage
 - Franchise grantee of electric utilities
10. Franchise grantees of city gas and water utilities are subject to franchise tax of
- 2%
 - 3%
 - 4%
 - 5%
11. Amounts received for overseas dispatch, message or conversations originating from the Philippines are subject to
- 3% franchise tax
 - 10% overseas communication tax
 - 2% franchise tax
 - 10% VAT
12. A tax on the right or privilege to enter places of amusement
- VAT
 - Franchise tax
 - Amusement tax
 - Income tax
13. One of the following is not subject to amusement tax on gross receipts
- Disco houses
 - Cockpits
 - Professional basketball
 - Bowling alleys
14. All of the following except one are liable to the 6/10 of 1% stock transaction tax. Which one is not?
- Individual taxpayers, whether citizens or alien
 - Corporate taxpayers, whether domestic or foreign
 - Estates and Trust
 - Dealers in securities
15. ABC Insurance Corporation, a domestic corporation, received the following premiums (net of any tax):

	<u>INSURANCE</u>		
	<u>Life</u>	<u>Fire</u>	<u>Marine</u>
Cash received	P 400,000	P 300,000	P 300,000
Promissory notes	100,000		
Totals	P 500,000	P 300,000	P 300,000

- The amount subject to percentage tax is
 - P400,000
 - P500,000
 - P900,000
 - P1,900,000
 - The percentage tax due is
 - P10,000
 - P8,000
 - P5,000
 - P20,000
 - The output tax is
 - P36,000
 - P24,000
 - P72,000
 - P120,000
16. ABC Corporation, a domestic corporation, is a holder of franchise to operate transportation units on land. The records for the month show (net of any tax):

	<u>Cargo</u>	<u>Passenger</u>
	<u>VAT Supplier</u>	<u>Non-VAT Supplier</u>
Gross receipts from transporting	P 2,000,000	P 3,000,000
Payments to	P800,000	P300,000

- The percentage tax due is
- P150,000
 - P60,000
 - P90,000
 - P144,000
17. Using the preceding number, but the franchise is for air and sea transport within the Philippines, the VAT due is
- P144,000
 - P600,000
 - P468,000
 - P504,000

18. Using the preceding number, but the route is from the Philippines to foreign country, which of the following is correct?

- a. The corporation is exempt from VAT
- b. The corporation is subject to percentage tax
- c. The output vat is 0, hence the corporation cannot claim input tax
- d. May claim a refund or credit the input taxes against other internal revenue taxes

19. A is a holder of franchise to sell electricity. In a particular quarter, its gross receipts amounted to P3,000,000 from the sale of electricity. It has also receipts from the lease of its auditorium and theater amounting to P600,000. The percentage tax due for the quarter is

- a. P40,000
- b. P60,000
- c. P100,000
- d. None

20. A operates a cockpit. Inside the cockpit, he also operates a restaurant. Data for the particular quarter follow

Gross receipts:	
Cockpit operations	P500,000
Restaurant operations:	
Sale of foods	100,000
Sale of liquor	150,000

The amusement tax due from A is

- a. P90,000
- b. P135,000
- c. P225,000
- d. P75,000

21. Using the above data, except that the restaurant is not owned by A but is owned by another person, B, not VAT-registered and whose annual gross sales never exceeded P3,000,000. The amusement tax due from A is

- a. P90,000
- b. P135,000
- c. P225,000
- d. P75,000

22. Continuing the preceding number, the percentage tax due from B is

- a. P90,000
- b. P135,000
- c. P225,000
- d. P7,500

23. A, a resident citizen, promoted a world boxing championship in Manila featuring B, a Filipino champion. Gate receipts amounted to P3,000,000 and additional receipts from television coverage was P2,000,000. The amusement tax due is

- a. None
- b. P500,000
- c. P300,000
- d. P900,000

24. Assuming that the above data is not a world championship but a Philippine national boxing championship, how much is the amusement tax?

- a. None
- b. P500,000
- c. P300,000
- d. P900,000

25. A is a radio-TV broadcasting franchise grantee. During the preceding year, its gross receipts did not exceed P10,000,000. During the first quarter of the current year, it had the following data:

Gross receipts, sale of airtime	P 2,000,000
Gross receipts, use of radio station's communication facilities	500,000
Business expenses	700,000

The franchise tax due for the first quarter is

- a. P60,000
- b. P40,000
- c. P75,000
- d. P39,000

26. A horseracing enthusiast has the following winnings during a particular racing day

Total winnings (winner take all)	P10,000
Cost of winning tickets	500

The tax on winnings is

- a. P1,000
- b. P400
- c. P950
- d. Zero

27. Using the data above, but the total winnings came from double bet, the percentage tax on winnings is

- a. P1,000
- b. P400
- c. P950
- d. P380

28. A domestic corporation paid P40,000 stock transaction tax on Initial Public Offering (IPO) of 500,000 shares. After the IPO, there were 800,000 shares outstanding. The selling price of IPO per share was
- a. P10 b. P8 c. P4 d. P2

- 29-31. ABC Corporation, a closely held corporation has an authorized capital stock of 1,000,000 shares with a par value of P100/share as of January 1, 2018. Of the 1,000,000 authorized shares, 250,000 thereof were subscribed and fully paid by the following stockholders:

A	-	150,000
B	-	50,000
C	-	25,000
D	-	12,500
E	-	12,500

Total shares outstanding 250,000

On March 1, 2018, ABC Corporation finally decided to conduct an IPO and initially offered 250,000 of its unissued shares to the investing public at P150/share. At the IPO, two of the existing stockholders, A and B, likewise decided to sell their entire 150,000 and 50,000 shares, respectively, to the public also at P150/share.

- a. The percentage tax due for the primary offering is
- a. P375,000 b. P750,000 c. P1,500,000 d. P0
- b. The percentage tax due for the sale of A's shares is
- a. P225,000 b. P450,000 c. P900,000 d. P0
- c. The percentage tax due for the sale of B's shares is
- a. P75,000 b. P150,000 c. P300,000 d. P0
30. Later, on August 1, 2018, another stockholder C, sold his 25,000 shares to the public subsequent to the IPO at P200.00/share. The percentage tax due is
- a. P30,000 b. P50,000 c. P100,000 d. P200,000
31. Using the preceding number, on September 1, 2018, ABC Corporation again decided to increase capitalization by offering another 300,000 of unissued shares to the public at P200.00/share consequently bringing the total issued shares to 800,000 shares, the percentage tax due is
- a. P600,000 b. P1,200,000 c. P2,400,000 d. 0
32. Sale, importation, printing, or publication of books and any newspaper, magazine, review, or bulletin which appears at regular intervals with fixed prices for subscription and sale, and which is not devoted principally to the publication of paid advertisements is:
- a) Subject to VAT and OPT
- b) Subject to VAT, exempt from OPT
- c) Exempt from VAT and OPT
- d) Exempt from VAT, subject to OPT

33. Under Section 145 of the Tax Code, as amended, cigars shall be subject to an excise tax in accordance with the following schedule:

	1/1/2017	2018 onwards
(1) Ad valorem tax rate based on the net retail price ¹ per cigar	20%	20%
(2) Specific tax (per cigar)	₱5.85 per cigar	Specific tax shall be increased by 4% every year

Action Cigar Company manufactured cigars and removed them from the place of production on October 2018. The retail selling price per box, net of VAT and excise tax, was ₱3,000, and 1 box of cigars contained 25 cigars.

Compute the total excise tax due on a box of cigars.

- a) ₱746.25
 - b) ₱875.65
 - c) ₱752.00
 - d) None of the above.
34. *Allan Drinks Corporation*, a manufacturer of carbonated drinks, will remove from its place of production 200 cases of its beverage containing high fructose corn syrup ("HFCS") and a non-caloric sweetener. Each case contains 6 bottles of 1.5 liters each. The excise tax is ₱12/liter. Compute the excise tax to be paid before removal.

- a) ₱21,600
- b) ₱25,400
- c) ₱43,100
- d) None of the above.

- 35-36. Under Section 179 of the Tax Code, on every original issue of debt instruments, there shall be collected a documentary stamp tax of One Peso and fifty centavos (₱1.50) on each Two Hundred Pesos (₱200), or fractional part thereof, of the issue price of any such debt instrument.

Provided, that for such debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty (365) days.

35. A promissory note is issued with a face value of ₱250,000 with a term of 2 years. The DST due is:
- a) ₱1,875
 - b) ₱2,000
 - c) ₱3,100
 - d) None of the above.
36. A promissory note is issued with a face value of ₱250,000 with a term of 120 days. The DST due is:
- a) ₱616.44
 - b) ₱500.88
 - c) ₱389.29
 - d) None of the above.

The End!!!

¹ Net retail price (excluding excise tax and VAT) per cigar (Sec. 145, NIRC).