**TAX.M-1403 VALUE ADDED TAX**

**Problem 1**

Topline Company sold to Bestbooks Enterprises goods worth P 10 000, exclusive of tax. Record the accounting entries in the sales book and in the purchase book if:

1. The buyer and the seller are subject to VAT.
2. Seller is VAT registered, while buyer is not.
3. Seller is no VAT registered, while buyer is VAT registered.

Answer:

|  |  |
| --- | --- |
| Sales book | Purchase book |
| 1. Cash/ accounts receivable P 11 200   Sales 10 000  Output Tax 1 200 | Purchases P 10 000  Input tax 1 200  Cash 11 200 |
| 1. Cash/ accounts receivable P 11 200   Sales 10 000  Output Tax 1 200 | Purchases P 11,200  Cash 11 200 |
| 1. Cash/ accounts receivable P 10 000   Sales 10 000 | Purchases P 10 000  Cash 10 000 |

**Problem 2**

All amounts given are total invoice costs/prices:

A, non-VAT taxpayer, sells to B, VAT taxpayer ***P 67 200***

B, VAT taxpayer, sells to C, VAT taxpayer 100 800

C, VAT taxpayer, sells to D, VAT taxpayer, an exporter 168 000

D, VAT taxpayer, exports 300 000

1. The value-added tax of B:
2. Payable of P 3 600 C. Payable of P 10 080
3. Payable of P 10 800 D. Payable of P 12 096
4. The value-added tax of C:
5. Payable of P 7 200 C. Payable of P 8 064
6. Payable of P 6 720 D. Refundable of P 10 900
7. The value-added tax of D:
8. Payable of P 18 000 C. Payable of P 36 000
9. Refundable of P 18 000 D. Refundable of P 36 000

**Problem 3**

H and W, husband and wife had the following gross sales (net of tax) during the year:

W- restaurant owner P 800 000 H- a. Professional CPA P 350 000 b. Medium sized store: Sale of office/school supplies P 1 120 000 Sale of books P 275 000

1. Which of the following statements is true?
2. For purposes of the threshold of P 1 919 500, the gross receipts of the husband and wife shall be combined.
3. The gross receipts shall be subject to VAT even if she does not register voluntarily under the VAT system.
4. For purposes of the threshold of P 1 919 500, the sale of office supplies and the practice of profession are considered as separate taxpayers.
5. For purposes of the threshold of P 1 919 500, the aggregation rule for each taxpayer shall apply. Thus, the gross receipts from the medium sized store shall be added to the receipts from the practice of profession.

**Problem 4**

1. Winery is a manufacturer of wine. During a particular calendar quarter, it had the following transactions (net of VAT):

Jan. 4, 2013 : Consigned wine to a retailer in Makati City amounting to P 200 000.

Feb. 14, 2013 : Exported P 1 000 000 worth of wine to Spain.

Feb. 27, 2013 : President of Winery celebrated his birthday, consuming P 50 000 worth of wine given to him by the company as a birthday gift.

Mar. 20, 2013 : Declared property dividend of one case of wine for every 10 shares, amounting to P 150 000.

The output tax for the calendar quarter ended March 31, 2013 is:

1. P 48 000 C. P 140 000
2. P 168 000 D. P 40 000

**Problem 5**

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

1. The VAT payable on January 2013 is -
2. P 11 660 C. P 16 400
3. P 9 200 D. None

**Problem 6**

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 100 000

1. The value-added tax payable is:
2. P 67 200 C. P 84 800
3. P 89 200 D. P 69 200

**Problem 7**

1. 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:

1. P 60 000 C. P 84 000
2. P 24 000 D. P 96 000

**Problem 8**

1. Bogart is an operator of parking lots. What business tax is due on his income from the business?
2. Broker’s tax C. Caterer’s tax
3. Common carrier’s tax D. Value-added tax

**Problem 9**

Sale of services by a VAT-registered contractor: Collections on total invoice price for contracts completed (including P 448 000 for materials) P 1 120 000 Receivables on billings (VAT included) 336 000 Advances on contracts (VAT not included) 200 000 Retentions on contracts made by clients out of contract price already earned 90 000

Purchases of: Materials (VAT included) 224 000 Services of sub-contractor (VAT not included) 448 000 Services of persons subject to percentage taxes 56 000 Salaries of employees 60 000

1. Output taxes are:
2. P 158 400 C. P 132 000
3. P 144 000 D. P 154 000
4. The input taxes are:
5. P 67 200 C. P 77 760
6. P 72 000 D. P 80 640
7. The value-added tax payable is:
8. P 64 800 C. P 86 400
9. P 86 400 D. P 66 240

**Problem 10**

1. Lesion is a lessor of real property and personal property (cars). The tax that he pays is:
2. Excise tax C. Transaction tax
3. Value-added tax D. None of these

**Problem 11**

1. Which of the following shall be subject to 0% VAT?
2. Sale of electricity by generation companies.
3. Sale of electricity by transmission companies.
4. Sale of electricity by distribution companies.
5. Sale of power or fuel generated through renewable sources of energy.

**Problem 12**

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

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.

1. The VAT on importation is:
2. P 65 800 C. P 65 000
3. P 78 000 D. P 50 000
4. Assuming that the imported article was sold for P 950 000, VAT exclusive, the VAT payable is:
5. P 36 000 C. P 30 000
6. P 29 200 D. P 114 000

**Problem 13**

M. Porter is VAT-registered. Importations were for: Any value-added tax not included. Sale Own use Invoice cost (Exchange rate is $1: P56) $ 80 000 $ 4 000 Expenses based on cost: Freight and insurance 4% 4% Other expenses up to the point of removal from customs house 6% 6% Transfer expenses from customs house to warehouse in Mania ½% ½%

Selling price of goods imported for sale within the same taxable period of importation, value-added tax included, was P 6 720 000.

1. The value-added tax payable on the importations of M. Porter is:
2. P 492 800 C. P 517 440
3. P 491 300 D**.** P 620 928
4. The value added tax payable on the sale is:
5. P 99 072 C. P 107 200
6. P 128 640 D. P 720 000
7. Which of the following sales of real properties shall not be exempt from VAT?
8. Sale of real properties not primarily for sale to customers or held for lease in the ordinary course of trade or business.
9. Sale of real properties utilized for low-cost and socialized housing.
10. Sale of real properties utilized for commercial purposes.
11. Sale of residential lot valued at P1 919 500 and below, or house and lot and other residential dwellings valued at P 3 199 500, and below.

**Problem 14**

1. INDICATE if the following receipts from lease of residential units are subject to VAT or not:

|  |  |  |  |
| --- | --- | --- | --- |
| Case | Monthly Rental | Aggregate Annual Rental | Taxable/ Not taxable |
| 1 | P 7 000 | P 2 600 000 | Not taxable |
| 2 | 12 800 | 1 400 000 | Not taxable |
| 3 | 9 500 | 1 450 000 | Not taxable |
| 4 | 13 000 | 1 919 500 | Not taxable |
| 5 | 13 000 | 2 600 000 | Taxable |

**Problem 15**

Miss Divina Valencia, a bold actress, had the following data for the quarter ending June 30, 2013 (amounts are exclusive of tax):

Receipts from talent fees P 1 000 000 Gross receipts from taxicabs (4 units) 500 000 Purchases of wardrobes used in films 200 000 Purchases of spare parts of taxicabs 100 000 Public relation services for image build-up as an actress 85 000 Insurance premiums for taxicabs 61 000 Rent of office space used both for her occupation and taxicabs business, subject to VAT 400 000

1. The VAT payable by Miss Valencia is-
2. P 37 800 C. P 53 800
3. P (41 520) D. P 18 480

**Problem 16**

Sosyal is a Vat-registered taxpayer. The following data from the books of accounts were transactions for each of the months of January, February and March (first quarter) of 2012:

|  |  |  |  |
| --- | --- | --- | --- |
|  | January | February | March |
| Credits to sales account | P 440 000 | P 550 000 | P 770 000 |
| Debits to purchases account on local purchases of goods from:  VAT-registered persons  Non-VAT registered persons  Importation of goods, landed cost | 110 000  20 000 | 660 000  30 000  50 000 | 330 000  15 000 |

1. The value-added tax payable at the end of January is:
2. P 33 000 C. P 30 000
3. P 39 600 D. P 52 800
4. The value-added tax payable (refundable) at the end of February is:
5. P (19 200) C. Due of 0
6. P 19 800 D. P 66 000
7. The output taxes on the return for the period ending March is:
8. P 160 000 C. P 211 200
9. P 176 000 D. P 92 400
10. The value-added tax payable at the end of March 2012 is:
11. P 13 800 C. P 13 200
12. P 33 600 D. P 39 600

**Problem 17**

1. 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 |
| 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:

1. P190 400 C. P 204 000
2. P 192 000 D. P 260 400

**Problem 18**

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

1. How much is the withholding VAT?
2. P120 000 C. P 50 000
3. P 70 000 D. none of the above
4. What is the treatment of the excess actual input VAT attributable to sales to GOCC?
5. Input tax credit C. income
6. Expense or cost D. none of the above
7. How much is the VAT payable?
8. P244 000 C. P 120 000
9. P 204 000 D. none of the above

**Problem 19**

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 |

1. The VAT payable in Case A:
2. P 76 800 C. P 74 400
3. P 78 920 D. P 154 080
4. The VAT payable in Case B:
5. P36 000 C. P 142 200
6. P 141 000 D. P 300 000
7. The VAT payable in Case A if the life of the machine is 4 years only:
8. P73 920 C. P 73 200
9. P 154 800 D. P 74 400

**MULTIPLE CHOICE QUESTIONS**

1. The following are major internal revenue business taxes in the NIRC of 1997, except one:
2. Income tax C. Value-added tax
3. Excise tax D. Percentage tax
4. 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:
5. Excise tax C. Percentage tax
6. Income tax D. None of these
7. Burgos is manufacturer of fermented liquors. In making sales, all taxes on the products and transactions are passed on to the buyers. For purposes of the value-added tax, which of these taxes listed below that he pays forms part of the gross selling price?
8. Excise tax C. Percentage tax
9. Value-added tax D. None of these
10. Cantor is a VAT-registered dealer of liquors. On his sales in the Philippines, his tax is:
11. Excise tax C. Percentage tax
12. Value-added tax D. None of these
13. Statement 1: A person subject to excise tax is also subject to value-added tax.

Statement 2: A person subject to percentage tax is also subject to value-added tax.

1. Both statements are correct
2. Statement 1 is correct while statement 2 is wrong
3. Both statements are wrong
4. Statement 1 is wrong while statement 2 is correct
5. Which statement is correct? The value-added tax on importation:
6. Should be paid by the tax-exempt importer, if he subsequently sells the goods to a non-tax-exempt purchaser.
7. Should be paid by the non-tax-exempt purchaser to whom the tax-exempt importer sells it.
8. Is a liability either of the tax-exempt importer or the non-tax-exempt purchaser.
9. Shall not pay the value-added tax because the transaction was exempt at the point of importation.
10. The value-added tax of Gencor Co., before any tax credits, is:
11. P210 960 C. P 173 300
12. P 175 800 D. P 207 960
13. The business tax of Falcon Co., before any tax credits, is:
14. Value-added tax of P 3 960 C. Value-added tax of P0
15. Percentage tax of P 990 D. Percentage tax of P0
16. Which statement is wrong? Transactions considered “in the course of trade or business” and, therefore, subject to the business taxes include:
17. Regular conduct or pursuit of a commercial or an economic activity by a stock private organization.
18. Regular conduct or pursuit of a commercial or an economic activity by a non-stock, non-profit private organization.
19. Isolated services in the Philippines by non-resident foreign persons.
20. Isolated sale of goods or services for a gross selling price or receipts of P 500 000.
21. First statement: Sales of drugs and medicines of pharmacy run by the hospital to outpatients are subject to VAT.

Second statement: Pharmacy items used in the performance of medical procedures in hospital units such as in the operating and delivery rooms and by other departments are considered part of medical services rendered by the hospital, hence, not subject to VAT.

1. Both statements are correct
2. Both statements are incorrect
3. Only the first statement is correct
4. Only the second statement is correct
5. To be exempt from value-added tax, the lease of residential units shall have:
6. Monthly rental per unit of P 12 500 or less.
7. Gross annual rentals *exceeding* P 1 919 500.
8. Both I and II are necessary
9. Both I and II are not necessary
10. Only I is necessary
11. Only II is necessary
12. Gross selling price includes all of the following, except one. Which one?
13. Total amount which the purchaser pays to the seller.
14. Total amount which the purchaser is obligated to pay to the seller.
15. Excise tax.
16. Value-added tax.
17. 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%.

1. Both statements are correct
2. Both statements are wrong
3. The first statement is correct but the second statement is wrong
4. The first statement is wrong but the second statement is correct
5. Which statement is correct?
6. The sales invoice that shows a total, with an indication that it includes the value-added tax even if it does not show the tax separately, is a correctly prepared invoice.
7. The invoice which shows the selling price and the value-added tax separately, but with a total which is a correct amount is a properly prepared invoice.
8. An invoice which shows the selling price and the value-added tax separately, which is paid by the buyer, is violative of the revenue regulations on issuance of sales invoice.
9. A sales invoice by a VAT taxpayer can be used only on a VAT sale.
10. 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.

1. Both statements are correct
2. Both statements are wrong
3. The first statement is correct but the second statement is wrong
4. The first statement is wrong but the second statement is correct
5. Which of the following are not account titles with balances in the books of accounts of a VAT taxpayer?
6. Output taxes C. Excess input taxes carry-over
7. Input taxes D. VAT payable
8. Takuza, a Japanese residing in the Philippine, bought garments from Halili Corp., a domestic corporation, and exported the same to Japan. Total value of export is P 100 000. The output VAT due on the transaction is:
9. P 12 000
10. P 10 000
11. None, because 0% applies
12. None, because the sale is exempt from VAT
13. The allowable transitional input tax is:
14. The lower between 2% of the value of beginning inventory or actual VAT paid on such inventory.
15. The higher between 2% of the value of beginning inventory or actual VAT paid on such inventory.
16. The actual VAT paid on the beginning inventory.
17. 2% of the value of beginning inventory.
18. Which statement is wrong?
19. There is a transitional input tax on sales of goods or properties.
20. There is a transitional input tax on sales of services.
21. There is a presumptive input tax on sales of goods or properties.
22. There is a presumptive input tax on sales of services.
23. Ilarde, a VAT taxpayer, on January 1, 2013, made the following purchases from VAT sellers, for use in his business. The amounts stated below are not inclusive of value-added taxes:

|  |  |
| --- | --- |
| Machine 1, with a useful life of 20 years | P 3 000 000 |
| Machine 2, with a useful life of 3 years | 1 800 000 |
| Patent, with usefulness of 10 months | 600 000 |

The input taxes from the purchases, available to Ilarde, for the month of January, 2013:

1. P 19 200 C. P 79 500
2. P 70 000 D. P 84 000
3. A VAT-registered supplier sold goods amounting to P 500 000 gross selling price to a government-controlled corporation during a particular quarter. Which of the following statements is incorrect in relation to the sale of goods?
4. The sale is subject to withholding of final VAT.
5. The government-controlled corporation will withhold P 25 000 final VAT.
6. The government-controlled corporation shall remit withholding VAT to the BIR within 10 days following the end of the month the withholding was made.
7. The VAT-registered supplier may refuse the withholding of VAT as long as it is willing to pay the full 12% VAT.
8. Zorro had the following data arising out of sales and purchases in January, 2013:

|  |  |
| --- | --- |
| Output taxes on sales | P 240 000 |
| Input taxes on purchases of goods sold | 238 200 |
| Input taxes on machine bought with a useful life of 12 years | 180 000 |

The value-added tax payable for the month:

1. P 0 C. P 72 000
2. P 1 800 D. P 60 000
3. 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:

1. P 90 000 C. P 95 000
2. P 180 000 D. P 114 000
3. On January 5, 2013, Smarty Co., VAT-registered, sold on account goods for P 112 000 to Global Corp. The term was 2/10, n/30. Payment was made on January 10, 2013. The total amount due is.
4. P 112 000 C. P 109 760
5. P 98 000 D. P 100 000

Items 24-25

After recognizing the value-added tax payable for the month of December 2012, the books of accounts of Colors, a merchandising company, showed a debit balance in the input taxes account of P 12 000. Sales and purchases at total invoice prices/costs for January 2013 were:

|  |  |
| --- | --- |
| Sales | P 896 000 |
| Sales return and allowances | 56 000 |
| Sales discount | 22 400 |
| Purchases of: |  |
| Goods for sale, from VAT-registered persons | 224 000 |
| Goods for sale, from non-VAT registered persons | 56 000 |
| Services, from VAT-registered persons | 21 280 |
| Equipment (life of 10 years) from VAT-registered person | 112 000 |
| Importation of goods for sale: |  |
| Invoice cost, country of origin | 20 000 |
| Freight | 500 |
| Insurance | 200 |
| Customs duty | 600 |
| Excise tax | 100 |
| Other expenses prior to removal from customs custody | 300 |
| Other expenses after removal from customs custody | 250 |
| Operating expenses | 30 000 |

1. The value-added tax on the importation is:
2. P 2 170 C. 2 634
3. P 2604 D. P 6 234
4. The value-added tax payable for January 2011 is:
5. P 34 716 C. P 40 716
6. P 41 150 D. P 46 716
7. A VAT-registered stockbroker (not dealer in securities) who owns shares of stock as investments had the following selected data on gross receipts, costs and expenses (value-added taxes not included), for January 2013:

|  |  |
| --- | --- |
| Commissions received from buyers | P 200 000 |
| Commissions received from sellers | 300 000 |
| Selling price of shares of stock traded in the LSE:  ABC Company  XYZ Company | 400 000  600 000 |
| Cost of the shares sold:  ABC Company  XYZ Company | 300 000  500 000 |

Cost of supplies used in the brokerage business paid to VAT-taxpayers amounted to P 33 600, value-added tax included. Salaries of employees amounted to P 67 200. The value-added tax payable and the other percentage tax due for the month are:

VAT payable Percentage tax due VAT payable Percentage tax due

1. P 46 640 P 10 000 C. P 52 800 P 40 000
2. P 49 200 P 20 000 D. P 56 400 P 5 000
3. A VAT- registered public works contractor has the following data on services rendered to the government in the Philippines for the 1st quarter of 2013:

|  |  |
| --- | --- |
| Contract price on government contracts | P 3 000 000 |
| Collections from private sector clients | 2 000 000 |
| Collections on government contracts | 1 000 000 |
| Purchases for services of a VAT-registered subcontractor (used in government contracts) | 400 000 |
| Purchases (used in private sector and government contracts) | 300 000 |

The tax payable for the quarter:

1. P 50 000 C. P 120 000
2. P 170 000 D. None

**TAX.M-1404 OTHER PERCENTAGE TAX**

Q1: Which of the following statements is incorrect?

1. The percentage tax is basically on sale of services.
2. The percentage tax may be imposed on a sale of goods.
3. The percentage tax may be imposed together with the value-added tax.
4. The percentage tax may be imposed together with excise tax.

Q2:

|  |  |  |
| --- | --- | --- |
| BUSINESS | VAT REGISTRATION | ANNUAL SALES |
| 1. Barbershop | VAT registered | P 800 000 |
| 2. Restaurant | Not VAT registered | 800 000 |
| 3. Department store | VAT registered | 2 700 000 |
| 4. Lodging house | Not VAT registered | 2 800 000 |
| 5. Rice retailer | Not VAT registered | 2 650 000 |
| 6. Fertilizer distributor | Not VAT registered | 2 500 000 |

Which of the above establishments are not subject to VAT?

1. 2, 4 and 5 C. 1, 2 and 5
2. 2 and 6 only D. 2, 5 and 6

Q3: 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)  Discounts  Purchases:  From VAT-registered suppliers  From non-VAT suppliers  Business expenses (60% VAT) | 250 000  25 000  28 000  27 500  25 000 |
| Practice of profession (not VAT-registered):  Gross receipts  Purchases  From VAT registered sellers  From non-VAT sellers  Expenses- profession | 47 500  21 200  18 000  24 000 |

1. The VAT payable is-
2. P 2 640 C. P 3 480
3. 3 336 D. 21 840
4. The percentage tax payable is-
5. P 225 C. P 201
6. 1 425 D. 681

Q4: Trucseabus Company, Manila based, had the following receipts during the month:

|  |  |
| --- | --- |
| Bus (receipts from cargo senders, P 11 450) (total pass 45)  To be received on freight collect conditions  Salaries of drivers and conductors  Cost of oil and gasoline | P 100 000  4 320  25 000  30 000 |
| Taxi | 40 000 |
| Jeepney | 10 000 |
| Cargo truck | 70 000 |
| Sea vessel, MV Lolo Bogg (carriage of cargo 35%) | 400 000 |

During the month, one of the units of Accident Company bumped the taxi and paid Trucseabus Company P 15 000 for the damages done.

The percentage tax due is-

1. P 4 026.9 C. P 4 516.5
2. 4 513.5 D. 6 696.81

Q5: Love Bus Transport Company, Monumento-Baclaran, operates ten (10) units of buses with a capacity of 50 passengers. During the month, it had the following data in its books:

|  |  |
| --- | --- |
| Receipts from passengers | P 2 000 000 |
| Receipts from cargoes | 500 000 |
| Expenses for repair of transport units (VAT) | 30 000 |
| Salaries of personnel | 300 000 |
| Purchase of spare parts | 60 000 |
| Registration with LTO | 10 000 |
| Premiums on insurance per unit | 15 000 |

1. How much is the percentage tax payable?
2. P 60 000 C. P 60 450
3. 48 750 D. 75 000
4. How much is the VAT payable?
5. P 47 400 C. P 31 200
6. 46 200 D. 54 240

Q6: A common carrier by land is engaged in the transport of passengers, goods and cargoes. He is not VAT-registered. What business taxes is he liable to the government?

1. 12% VAT
2. 3% common carrier’s tax
3. 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.
4. 12% VAT on gross receipts from transport of goods and cargoes and 3% common carrier’s tax on gross receipts from transport of passengers.

Q7: An international carrier is subject to the following tax-

1. 12% value-added tax and ordinary income tax on gross receipts within the Philippines.
2. 0% VAT and 2.5% income tax on gross receipts within the Philippines.
3. 3% other percentage tax on gross receipts
4. 3% other percentage tax on gross receipts and ordinary income tax on gross income.

Q8: The Socsksargen Group of Companies is engaged in different lines of business in region XII. Soc Corporation (not VAT registered) is engaged in the business of radio and television broadcasting. Ksar Corporation is a franchisee to supply water in the whole province of Sultan Kudarat and Gen Corporation has a franchise to generate and distribute electricity in the entire area covered by General Santos City. During the month, it had the following receipts:

|  |  |
| --- | --- |
| Socs Corporation | P 360 000 |
| Ksar Corporation | 4 800 000 |
| Gen Corporation | 8 250 000 |

How much is the total franchise tax on Socsksargen Group of Companies?

1. P 106 800 C. P 345 500
2. 175 800 D. 96 000

Q9: Malansa Company is a holder of a franchise to sell water. During the month, it had the following data:

|  |  |
| --- | --- |
| Gross receipts from the sale of water to the public | P 3 000 000 |
| Penalties imposed and collected on illegal connections | 150 000 |
| Rent of its heavy equipment to a private subdivision developer | 50 000 |
| Sale of scrap materials | 20 000 |

The franchise tax is-

1. P 61 400 C. P 60 000
2. 60 400 D. 61 000

Q10: 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

1. P 261 000 P 48 000
2. 261 000 24 000
3. 21 000 48 000
4. 21 000 24 000

Q11: A telephone company, Vat-registered, provides services for domestic and overseas calls. What business taxes will be due from the services offered?

1. VAT on both services
2. Overseas communications tax on both services
3. VAT on domestic calls and overseas communications tax on overseas calls.
4. Franchise tax on both services

Q12: Which of the following percentage taxes is not payable on or before the 20th day after the close of the month?

1. Franchise tax C. common carrier’s tax
2. Overseas communications tax D. tax on life insurance

Q13: the Bayani Telephone Company, a franchisee to operate a landline telephone, billed Telly Babad the following:

|  |  |
| --- | --- |
| Amount collected on calls:  Incoming calls (5% toll charges billed to local receiver)  Outgoing overseas calls | P 4 300  9 350 |
| Domestic long-distance calls | 1 200 |
| Monthly bills on subscribers | 525 |

The overseas communication tax on Telly Babad is-

1. P 1 280.00 C. P 850.00
2. 1 452.50 D. 871.50

Q14: 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 | 58 900 |
|  |  |  |
| Payments of expenses to VAT businesses |  | 43 000 |
| Payments of expenses to non-VAT businesses |  | 35 000 |

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

1. The premium tax due is-
2. P 11 010 C. P 9 750
3. 14 785 D. 3 900
4. The VAT payable is-
5. P 17 484 C. P 16 476
6. 12 324 D. 12 276

Q15: A domestic insurance company gave the following information for the month:

|  |  |
| --- | --- |
| Gross receipts from its insurance policies:  Premium on life insurance  Premium on non-life insurance | P 2 100 000  1 500 000 |
| Gross receipts as agent of a foreign insurance company:  Premium on non-life insurance  Premium on property insurance | 4 000 000  1 000 000 |

Percentage tax due for the month is-

1. P 355 000 C. P 605 000
2. 542 000 D. 710 000

Q16: The PBA is a professional basketball organization which holds the games in the Big Dome. In May of the current year, it had the following gross receipts:

|  |  |
| --- | --- |
| From the gates | P 2 000 000 |
| Radio and television rights | 1 000 000 |
| Advertisement inside the Big Dome | 150 000 |
| Sale by canteen inside the Big Dome maintained by the Big Dome | 500 000 |
| Ambulant vendors also provided by the company had a gross receipts of | 75 000 |
| Expenses for the maintenance | 45 000 |

During the month, it was leased to a private group of persons who sponsored an international derby inside the Big Dome. The gross receipts amounted to P 2 500 000.

It also hosted the UAAP Volleyball Championship between Ateneo Lady Eagles and De La Salle Lady Archers. Gross receipts from the gates amounted to P 250 000.

The total amusement tax due is-

1. P 558 750 C. P 1 008 750
2. 933 750 D. 1 046 250

Q17: Carlos supplies foods and drinks in Peacock which is operated by a friend, Rudy. It’s gross sales (per invoice) during the month amounted to P 250 000 and his purchases from VAT suppliers amounted to P 185 000. The gross receipts of Rudy for the month was P 425 000. The amusement tax due is-

1. P 76 500 C. P 121 500
2. 45 000 D. 88 200

Q18: Boxing exhibitions shall be exempt from amusement tax when the following conditions are present:

1. Involves World, Oriental or Philippine Championships in any division.
2. Both of the contenders are citizens of the Philippines.
3. Promoted by citizens of the Philippines, or association at 60% of the capital is owned by Filipino citizens.
4. All of the three conditions are correct.
5. None of the three conditions are correct.
6. Only conditions 1 and 2 are correct.
7. Only condition 3 is correct.

Q19:

|  |  |
| --- | --- |
| Revenues from the current period | P 400 000 |
| Collections during the period of:  Revenues of prior periods  Revenues of the current period  Revenues of the succeeding period (advances) | 50 000  300 000  10 000 |

1. The business tax if a domestic common carrier by land for the transport of passengers:
2. P 12 000 C. P 10 800
3. 9 000 D. 22 800
4. The business tax if a night club:
5. P 54 000 C. 72 000
6. 64 800 D. 136 800
7. The business tax if a race track:
8. P 120 000 C. P 90 000
9. 228 000 D. 108 000

Q20: A horseracing aficionado has the following winnings during a particular race day:

Total winnings P 10 000 Cost of winning tickets 500

The tax on winnings is:

1. P 1 000 C. P 950
2. 400 D. 380

Q21: A corporation where at least fifty percent (50%) in value of the outstanding capital stock or at least fifty (50%) of the total combined voting power of all classes of stock entitled to vote is owned directly or indirectly by or for not more than twenty (20) individuals.

1. Closely held corporation C. Foreign corporation
2. Publicly held corporation D. domestic corporation

Q22: 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 listed & traded

1. P 2 500 P 8 000
2. 2 250 5 000
3. 2 500 None
4. 2 250 8 000

Q23: Who is the taxpayer as far as the initial public offering in the local stock exchange of closely held corporations is concerned?

1. The purchaser of shares of stock offered in the IPO
2. The corporate issuer
3. The corporate purchaser
4. The local stock exchange

Q24: ABC Corporation, closely held corporation, has an authorized capital stock of 100 000 shares with a par value of P 1.00 per share as of January 1, 2013: 25 000 thereof is subscribed and paid up by the following stockholders:

|  |  |
| --- | --- |
| Andi | P 5 000 |
| Bianca | 5 000 |
| Carla | 5 000 |
| Diana | 5 000 |
| Enciang | 5 000 |
| Total shares outstanding | **25 000** |

ABC Corporation finally decides to conduct an IPO and initially offers 25 000 of its unissued shares to the investing public at P1.25 per share. After the IPO in March 2013, ABC Corporation’s total issued shares increased from 25 000 to 50 000 shares.

At the IPO, Andi has likewise decided to sell her entire 5 000 shares to the public at P 1.50 per share. Thus, 5 000 shares have been offered in the primary offering and 5 000 shares in the secondary offering.

1. How much is the percentage tax on ABC Corporation’s newly issued shares?
2. P 375 C. 750
3. 1 500 D. 93.75
4. How much is the percentage tax on the secondary offering of Andi’s shares
5. P 3 000 C. 300
6. 75 D. None
7. If in June 2013, ABC Corporation again decides to increase capitalization by offering another 300 000 of unissued shares to the public at P 2/share, such follow-through shall be subject exempt from-
8. Percentage tax and documentary stamp tax
9. Documentary stamp tax but not percentage tax
10. Percentage tax but not documentary stamp tax
11. Neither percentage tax nor documentary stamp tax
12. In case Diana decides to offer her existing 5 000 shares to the public subsequent to IPO at P 2/share, the percentage tax shall be-
13. P 25 C. 300
14. 50 D. 1 000

Q25: Manalo, a dealer in securities, sold P 1 500 000 (tax included) worth of shares it held as inventory to Romulo. The shares sold were acquired for P 1 000 000 (tax excluded) and were listed and traded in the local stock exchange. The tax due on the sale is:

1. None C. P 45 000
2. P 7 500 percentage tax D. 60 000 value-added tax

Q26: ABC Bank has the following income/loss for the following months:

|  |  |  |
| --- | --- | --- |
|  | March | April |
| Interest income with maturity of less than 5 years | P 50 000 | P 100 000 |
| Rentals | 50 000 | 50 000 |
| Net trading gain/loss | (10 000) | 20 000 |

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

1. 5 000; 8 500 C. 6 000; 9 200
2. 6 000; 9 900 D. 5 300; 9 200

Q27: Banco Deposito had the following data for the first month of the current year:

|  |  |
| --- | --- |
| Interest, commissions and discounts from lending activities (remaining maturity of instrument is 5 years) | P 5 000 000 |
| Income from financial leasing (remaining maturity of instrument is more than 5 years) | 3 000 000 |
| Dividends and equity shares in net income of subsidiaries | 1 000 000 |
| Rentals of properties | 500 000 |
| Net trading gains within the taxable year on foreign currency | 300 000 |

How much is the gross receipts tax?

1. P 386 000 C. 336 000
2. 250 000 D. 326 000

**MULTIPLE CJOICE QUESTIONS**

1. Which of the following statements in incorrect?
2. A taxpayer whose annual gross sales and/or receipts exceed P 1 919 500 shall pay VAT even if he is not VAT-registered.
3. A taxpayer whose annual gross sales and/or receipts do not exceed P 1 919 500 but who is VAT-registered shall pay VAT.
4. Percentage tax may be imposed together with VAT.
5. Percentage tax may be imposed together with excise tax.
6. *First statement:* Persons whose transactions are exempt from value-added tax because their gross sales and/or receipts do not exceed P 1 919 500 may voluntarily apply for registration under the VAT system.

*Second statement:* A VAT-registered person whose gross sales and/or receipts for two (2) consecutive years did not exceed P 1 919 500 may apply for cancellation of VAT registration and revert back to being VAT-exempt.

1. Both statements are correct C. only the first statement is correct
2. Both statements are incorrect D. only the second statement is correct
3. A seller of goods is not VAT-registered. His annual gross sales amount to P 1 919 500. To what business tax is he liable?
4. 3% tax on VAT-exempt persons C. 3% common carrier’s tax
5. 12% value-added tax D. not subject to any percentage tax
6. Marino is an owner of a small variety store. His gross sales in any one year do not exceed P 1 919 500. He is not VAT-registered. The following sata are taken from the books of the variety store for the quarter ending March 31, 2013:

Merchandise inventory, Dec. 31, 2012 P 10 000

Gross sales 45 000

Purchases from VAT-registered supplier 38 500

The percentage tax due is:

1. P 1 000 C. 4 500
2. 1 350 D. none

**Items 5 and 6 are based on the following information:**

In the second quarter of 2013, a taxpayer engaged in the sale of services and whole annual gross receipts do not exceed P 1 919 500 has the following data:

Accounts receivable, beginning of the quarter P 50 000 Sales during the quarter 100 000 Accounts receivable, end of quarter 75 000 Purchase of supplies, total invoice amount 11 200

1. The percentage tax due for the quarter is:
2. P 2 250 C. P 1 914
3. 3 000 D. 2 664
4. Assuming the taxpayer is VAT-registered, the VAT payable is:
5. P 2 250 C. 7 656
6. 9 000 D. 7 800
7. Which of the following franchise grantees is subject to the franchise tax?
8. Franchise on radio and/or television broadcasting companies the annual gross receipts in the preceding year exceed P 10 000 000.
9. Franchise on gas and water utilities.
10. Franchise on toll road operations.
11. Franchise on telephone communications.
12. Franchise grantees of gas and water utilities are subject to a franchise tax of:
13. 2 % C. 4%
14. 3% D. 5%
15. The franchise tax of grantees of radio and/or television broadcasting whose annual gross receipts of the preceding year do not exceed P 10 000 000 shall be:
16. 2% of the gross receipts C. 10% of the gross receipts
17. 3% of the gross receipts D. 12 % of the gross receipts
18. Kapatid is a radio-TV broadcasting franchise grantee. During the preceding year, its gross receipts did not exceed P 10 000 000. During the first quarter of the current year, it has 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 quarter is:

1. P 60 000 C. 75 000
2. 50 000 D. 54 000
3. Beneco is a holder of franchise to distribute and sell electricity. In a particular quarter, its gross receipts amounted to P 2 000 000 from distribution and sale of electricity. It has also receipts from the lease of its auditorium and theater amounting to P 600 000. The value-added tax or percentage tax due for the quarter is.
4. P 40 000 percentage tax C. 52 000 percentage tax
5. 72 000 value-added tax D. 312 000 value-added tax
6. The operator of one of the following places is not subject to amusement tax:
7. Cockpits C. bowling alleys
8. Racetracks D. KTV karaoke joints
9. First statement: All boxing exhibitions held in the Philippines shall be subject to amusement tax.

Second statement: Admission charges to amusement places are required for the imposition of amusement tax.

1. Both statements are correct C. only the first statement is correct
2. Both statements are incorrect D. only the second statement is correct
3. Chavit, a Filipino citizen, promoted a world boxing championship in Manila featuring Pacman, a Filipino champion. Gate receipts amounted to P 3 000 000 and additional receipts from television coverage was P 2 000 000. The amusement tax due is:
4. Exempt C. P 300 000
5. P 500 000 D. P 600 000
6. Assuming the above is not a world championship but a Philippine national boxing championship, how much is the amusement tax:
7. Exempt C. P 300 000
8. P 500 000 D. P 600 000
9. Pana Lo operates a cockpit. Inside the cockpit, he also operates a restaurant. Data for a particular quarter follow:

Gross receipts:

Cockpit operation P 500 000

Restaurant operation:

Sale of food 100 000

Sale of liquor 150 000

The amusement tax due from Pana Lo is:

1. P 90 000 C. 225 000
2. 135 000 D. 112 500
3. Using the data in no. 16, except that the restaurant is not owned by Pana Lo but is owned by another person, not VAT-registered and whose annual gross receipts never exceeded P 1 919 500, the amusement tax due from Matuti is:
4. P 90 000 C. 225 000
5. 135 000 D. 112 500
6. Continuing no. 17, the percentage tax due from the restaurant owner is:
7. P 45 000 C. 30 000
8. 25 000 D. 7 500
9. First statement: The 10% tax on winnings is based on actual amount paid for every winning ticket after deducting the cost of ticket.

Second statement: The rate of tax on winnings in case of double forecast/ quinella and trifecta bets shall be four (4%) of the actual amount paid for every winning ticket after deducting the cost of the ticket.

1. Both statements are correct C. only the first statement is correct
2. Both statements are incorrect D. only the second statement is correct
3. First statement: The tax on insurance premium applies to every person, company or corporation doing life insurance business or any sort in the Philippines, except purely cooperative companies and associations.

Second statement: A person engaged in non-life insurance business is subject to value-added tax.

1. Both statements are correct C. only the first statement is correct
2. Both statements are incorrect D. only the second statement is correct
3. First statement: The tax on life insurance premium is 2% based upon the total premiums collected whether such premiums are paid in money, notes, credits or any substitute for money.

Second statement: The tax on agents of foreign insurance companies is 10% based upon the total premiums collected.

1. Both statements are correct C. only the first statement is correct
2. Both statements are incorrect D. only the second statement is correct
3. Shares of stock held as investment when sold through the local stock exchange shall be subject to:
4. ½% of 1% based on gross selling price or gross value in money.
5. 12% VAT based on gross income.
6. 5% on first P 100 000 capital gain; 10% on excess of P 100 000.
7. 4%; 2%; 1% based on gross selling price or gross value in money.
8. One of the following statements is incorrect.
9. The ½% of 1% tax shall be collected by the broker who made the sale and shall be remitted within 5 banking days from the date of collection.
10. The tax paid on sale of shares through local stock exchange and initial public offering (IPO) and secondary offering shall not be allowable deduction for income tax purposes,
11. The ½% of 1% stock transaction tax is a final withholding tax on income.
12. The ½% of 1% stock transaction tax is collected whether there is an imcome or a loss and is percentage tax.
13. Gloria invested P 500 000 in the shares of stock of Tabako Corp. the corporation’s shares are listed and are traded in the local stock exchange. Gloria sold the shares for P 350 000 through the local stock exchange. The percentage tax on the sale is:
14. P 6 000 C. 1 750
15. 3 500 D. 2 500
16. Using the same data in no. 24 and assuming that Gloria sold the shares to Bayani, a direct buyer, the percentage tax on the sale is:
17. none C. P 1 750
18. P 2 500 D. 10 000
19. One of the following is subject to common carrier’s tax.
20. Owners of bancas
21. Owners of animal-drawn to-wheeled vehicles
22. Common carriers by air or water for transport of passengers, goods or cargoes
23. Common carriers by land for transport of passengers
24. A person whose business is to keep automobiles for hire or keep them stored for use or order.
25. Keepers of garage C. taxicab operator
26. Common carrier D. tourist bus operator
27. First statement: The gross receipts of common carriers derived from their incoming and outgoing freight shall be subject to the local taxes imposed under the Local Government Tax Code.

Second statement: The 3% common carrier’s tax is based on the actual quarterly gross receipts or minimum quarterly receipts whichever is lower.

1. Both statements are correct C. only the first statement is correct
2. Both statements are incorrect D. only the second statement is correct
3. Saludo is an operator of a fleet of taxis in Metro Manila. Since he operates under the “boundary system”, the actual payments to him by the taxi drivers of the “boundary” was P 150 000. No official receipts are issued by the taxi drivers. Drivers causing damage to the taxi units paid Saludo P 10 000 for the quarter.

The value-added tax or percentage tax due from Saludo is:

1. P 4 800 percentage tax C. P 18 000 value-added tax
2. P 4 500 percentage tax D. P 19 200 value-added tax
3. One of the following stataments is wrong. Operators of transport facilities by land are:
4. Subject to the value-added tax on gross receipts from transporting passengers.
5. Subject to the value-added tax on gross receipts from transporting goods and cargoes.
6. Subject to percentage tax on gross receipts from transporting passengers.
7. Subject to the value-added tax on gross receipts from renting out its transporting facilities.

**Items 31 and 32 are based on the following information:**

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.

1. The percentage tax is:
2. P 17 400 C. 16 500
3. 9 900 D. 15 900
4. The output value-added tax is:
5. P 24 000 C. 25 000
6. 28 800 D. 30 000
7. MV Black Mountain is a common carrier by sea. During a particular quarter, its receipts consists of the following:

Gross receipts, without tax:

Transport of passengers P 1 000 000

Transport of goods 1 500 000

Transport of cargoes 500 000

The output VAT and OPT due for the quarter are:

Output VAT OPT due Output VAT OPT due

1. P 240 000 P 30 000 C. P 0 P 90 000
2. 360 000 0 D. 360 000 30 000
3. One of the following is not subject to the 3% percentage tax.
4. International air carrier doing business in the Philippines.
5. International shipping carrier doing business in the Phils.
6. Domestic carriers by land and keepers of garage.
7. Franchise grantee of city gas and water utilities.
8. A telephone company, VAT-registered, provides services for domestic and overseas calls. What business taxes are due from the services offered?
9. Value-added tax for domestic calls.
10. Overseas communications tax for overseas calls.
11. Yes to I and II C. yes to I only
12. No to I and II D. yes to II only
13. Banks and non-bank financial intermediaries performing quasi-banking functions are subject to:
14. Value-added tax C. Franchise tax
15. Gross receipts tax D. Amusement tax
16. The lease of property, real or personal, is subject to:
17. 7% gross receipts tax if the lessor is a bank.
18. 12% VAT if the lessor is not a bank.
19. Yes to I and II C. yes to I only
20. No to I and II D. yes to II only
21. Which of the following is subject to 0% gross receipts tax?
22. Gross receipts on interest, commissions and discounts from lending activities and income from financial leasing.
23. Dividends and equity shares in net income of subsidiaries.
24. Royalties, rentals of property, real or personal, profits from exchange and all other items treated as gross income in the Tax Code.
25. Net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar financial instruments.
26. First statement: Just like value-added tax, percentage taxes are paid on a quarterly (cumulative) basis.

Second statement: Generally, every person liable to pay the percentage taxes shall file a monthly return within 20 days after the end of each taxable month.

A. Both statements are correct C. only the first statement is correct B. Both statements are incorrect D. only the second statement is correct

1. First statement: The monthly percentage tax returns of taxpayers shall be filed, and taxes paid, not later than the 20th day following the end of the month.

Second statement: With respect to taxpayers enrolled with EFPS, the deadline for e-filing the monthly percentage tax return and e-paying the tax thereon shall be 5 days later than that set in the first statement.

1. Both statements are correct C. only the first statement is correct
2. Both statements are incorrect D. only the second statement is correct
3. How is the percentage tax on the secondary offering of shares of stock of closely held corporation collected and paid?
4. The stockbroker collects and remits the tax within 5 working days from the date of collection.
5. The stockbroker collects and remits the tax within 5 banking days from the date of collection.
6. The purchaser collects and remits the tax within5 days after the end of the quarter, fiscal or calendar.
7. The local stock exchange collects and remits the tax within 5 banking days from the date of collection.
8. Which of the following percentage taxes are paid on a quarterly basis?
9. Overseas communications tax III. Taxes on winnings
10. Amusement tax IV. Stock transactions tax
11. All of the above C. III and IV only
12. I and II only D. II only
13. Any person retiring from a business subject to percentage tax shall notify the nearest internal revenue officer, file his return and pay the tax due theron within how many days after closing his business?
14. 10 days C. 20 days
15. 15 days D. 30 days
16. First statement: Other percentage taxes are indirect taxes that can be passed on by person required to pay to another person who shall bear the burden of the tax.

Second statement: The persons liable to overseas communication tax may or may not be engaged in trade or business.

1. Both statements are correct C. only the first statement is correct
2. Both statements are incorrect D. only the second statement is correct
3. The lease of property, real or personal, by a bank is subject to-  
   A. 7% gross receipts tax C. 12% VAT

B. 5% gross receipts tax D. 1% gross receipts tax