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ACC 321 (549) 2:30-3:30 PM

2nd Exam Coverage: Multiple-choice Questions

1. Which of the following is INCORRECT about Value Added Taxes?
 - a. VAT is a direct tax
 - b. Vat is charges at every stage in the supply
 - c. Vat accelerates cash flow compared to a sales tax system
 - d. Some companies can recover VAT costs paid
2. Which of the following are correct about VAT?
 - a. Accelerates cash flow to government
 - b. Cheap to collect
 - c. Taxpayer does the collecting
 - d. All of the above
3. All of the following are exempt agricultural produce, except
 - a. Palay
 - b. Corn
 - c. Garlic
 - d. Tobacco
4. Which of the following is not considered as a pet?
 - a. Domestic animal
 - b. Livestock
 - c. Race horse
 - d. None of these
5. Which is subject to VAT when sold?
 - a. Seeds
 - b. Fingerlings
 - c. Feeds
 - d. None of these
6. This is the VAT due on or paid by a VAT-registered taxpayer on importation of goods or local purchase of goods, properties or services, including lease or use of property in the course of his trade pr business.
 - a. Output tax
 - b. Input Tax
 - c. Withholding Tax
 - d. None of these
7. Output tax shall be recognized by the seller and input tax shall accrue to the buyer at the time of the execution of the instrument of sale.
 - a. True
 - b. False

8. What is the tax basis of the output VAT on sales of real properties?
- Selling price
 - Gross Receipts
 - Fair Value
 - Fair Value or gross selling price whichever is higher
9. This refers to the difference between the output tax and input tax where the output tax is greater than input tax. If there are tax credits, these will also be deducted to arrive at VAT payable.
- Income tax
 - VAT payable
 - Excess input tax
 - Zero rated sale of goods
10. This shall refer to an individual suffering from restriction or different abilities, as a result of mental, physical or sensory impairment to perform an activity in a manner or within the range considered normal for human being (RR 1-2009).
- Senior Citizen
 - Retailers
 - Person with disability
 - Elderly
11. This is computed as no. of units/other measurements x selling price of any specific value per unit x ad valorem tax rate.
- Specific tax
 - Excise tax
 - Ad-valorem tax
 - None of these
12. This is a tax imposed wherein the tax is fixed at a certain rate regardless of the changes of the taxable base.
- Regressive tax
 - Progressive tax
 - Income tax
 - Proportional tax
13. It is imposed not on the goods or services as such but on the privilege of selling or importing goods or rendering services for a fee, remuneration or consideration,
- Excise tax
 - Value added tax
 - Consumption tax
 - Direct tax
14. These pertain to products which undergone simple processes of preparation or preservation for the market (freezing, drying, salting, broiling, roasting, smoking or stripping). These also include polished or husked rice, corn grits, raw cane, sugar and molasses, ordinary salt and copra.
- Livestock
 - Original state
 - Poultry
 - None of these

15. This refers to those persons producing poultry, livestock or other agricultural and marine foods products in their original state for others.

- a. Agricultural contract growers
- b. Livestock or poultry growers
- c. Farmers
- d. None of these

16. Cipeda Department Store had the following sales for the last 12-month period:

Fertilizers, seeds, poultry, and hog feeds	P 1,200,000
Fruits and vegetables	800,000
Groceries	800,000
Clothes, shoes, and other apparels	600,000
Furniture	<u>400,000</u>
Total	P 3,800,000

How much are the vatable sales?

- a. 2,000,000
- b. 2,600,000
- c. 3,800,000
- d. 1,800,000

17. Assume that ABC Company, a VAT taxpayer, made a P100,000 vatable sales on account. How much is the invoice price?

- a. 12,000
- b. 10,714
- c. 112,000
- d. 100,000

18. Mr. Realtor, a real property, sold a commercial lot in June 2020. The following data relate to the sale, presumed to be exclusive of VAT:

Appraisal value	P 4,500,000
Zonal Value	4,000,000
Assessor's value	2,500,000
Selling price	3,800,000

How much is the output VAT?

- a. 480,000
- b. 456,000
- c. 540,000
- d. 300,000

19. Mr. Realtor, a real property, sold a commercial lot in June 2020. The following data relate to the sale, presumed to be inclusive of VAT:

Zonal Value	P 4,000,000
Assessor's Value	3,500,000
Selling Price	4,256,000

How much is the output VAT?

- a. 480,000
- b. 456,000
- c. 420,000
- d. 30,720

20. An importer wishes to withdraw its importation from the Bureau of Customs. The imported goods were subjected to 10% customs duty in the amount of P30,000 and other customs charges in the amount of P10,000. Compute for the value-added tax.
- 36,000
 - 4,800
 - 40,800
 - 37,200
21. ABC Clinic, a VAT-registered entity, performed a prosthetic surgery on the legs of Abby, a person with disability. The total cost of medical operation inclusive of vat was P140,000. Being disabled person, Abby received 20% discount from ABC. How much is the total amount to be paid by Abby?
- 125,000
 - 140,000
 - 100,000
 - 115,000
22. Rhea, a veterinarian, operates a pet shop. The following were her sales and receipts during the month.
- | | |
|---|-----------|
| Sales of pets | P 600,000 |
| Sales of animal vitamins, medicines and feeds | 500,000 |
| Receipts from veterinary services | 400,000 |
- Compute the sales and receipts subject to business tax.
- 1,000,000
 - 1,100,000
 - 1,500,000
 - 900,000
23. Mang Pandong owns a meat and fish outlet in the Baguio City public market. He had the following sales during the month:
- | | |
|----------------------------------|-----------|
| Sale of live hogs | P 120,000 |
| Sale of frozen carcass and meat | 240,000 |
| Sale of fresh fishes | 150,000 |
| Sale of dried and/or smoked fish | 80,000 |
- How much is subject to business tax?
- 0
 - 455,000
 - 590,000
 - 500,000
24. Rudy Milling Company offers a variety of milling services ranging from palay, corn, sugar cane, and gold ores. It had the following receipts during the month:
- | | |
|-----------------------------|-----------|
| Palay and corn milling fees | P 700,000 |
| Sugar milling fees | 300,000 |
| Ore ball milling fees | 600,000 |
- Compute the receipts subject to business tax.
- 1,000,000
 - 700,000
 - 300,000
 - 600,000

25. Cure Hospital, a private hospital, had the following receipts and sales during a month:

In-patient Revenue	P 1,000,000
Out-patient Revenue	3,000,000
Laboratory Services	600,000
Sales of drugs and medicines from pharmacy	800,000
Total	P 5,400,000

Compute the receipts subject to business tax.

- a. 800,000
- b. 5,400,000
- c. 600,000
- d. 4,000,000

26. NBS Bookstore reported the following sales during the month:

Sale of book inventories	P 500,000
Sale of periodicals	300,000
Sale of school supplies	400,000
Commission income from book publishers	200,000

Compute for the income subject to business tax.

- a. 1,400,000
- b. 600,000
- c. 1,000,000
- d. 700,000

27. Agricorp is engaged in the farming and horticulture business. It earned the following during the quarter:

Sale of Palay and rice	P 1,000,000
Sale of banana mushrooms	100,000
Sale of firewood and charcoal	150,000
Sale of orchids, flowers, and bonsai	80,000

How much is subject to VAT?

- a. 230,000
- b. 1,330,000
- c. 1,100,000
- d. 330,000

28. Monte Ray had the following sales in his store:

Sales of meat cuts	P 400,000
Sales of hotdogs	100,000
Cup noodles	10,000
Canned sardines and beans	40,000

How much is subject to VAT?

- a. 400,000
- b. 500,000
- c. 150,000
- d. 50,000

29. Jet Bookstore sold the following:

Novels	P 100,000
Textbooks	300,000
School supplies and notebooks	200,000
Office supplies	180,000
Advertising magazines	20,000

How much is subject to VAT?

- a. 600,000
- b. 800,000
- c. 400,000
- d. 780,000

30. Raymund, a veterinarian, operates a pet shop. The following were his sales and receipts during the month:

Sales of pets	P 700,000
Sales of animal vitamins, medicines, and feeds	300,000
Receipts from veterinary services	200,000

Compute the sales and receipts subject to VAT.

- a. 900,000
- b. 500,000
- c. 1,000,000
- d. 1,200,000