1. What is the significance of Royal Decree No. (M/40) dated 2/7/1405H?

a) It established the Saudi Central Bank

b) It mandated full Zakat collection from companies and individuals

c) It allowed companies to be Zakat exempt

d) It reduced Zakat rates

Answer: b) It mandated full Zakat collection from companies and individuals

2. Who must register with the Zakat Authority?

a) Only individuals

b) Only legal entities

c) Both Zakat payers subject to and not subject to regulations

d) Only foreign businesses

Answer: c) Both Zakat payers subject to and not subject to regulations

3. The Zakat ratio of 2.5% is applied based on:

a) Net income

b) Total assets

c) The number of days in the Hijri year

d) Capital only

Answer: c) The number of days in the Hijri year

4. Zakat is the \_\_\_\_\_\_ pillar of Islam.

a) First

b) Second

c) Third

d) Fourth

Answer: c) Third

5. In Zakat, 'resident' refers to:

a) Only Saudi citizens

b) Anyone living in Saudi Arabia

c) Legal entities meeting Article 3 requirements

d) Foreign businesses

Answer: c) Legal entities meeting Article 3 requirements

6. What is the purpose of a Zakat Declaration?

a) To report assets

b) To show fiscal items of the Zakat account and due amount

c) To report income only

d) To declare liabilities

Answer: b) To show fiscal items of the Zakat account and due amount

7. Commercial records for Zakat payers include:

a) Only sales

b) All transactions as per Commercial Books Law

c) Only profits

d) Only tax payments

Answer: b) All transactions as per Commercial Books Law

8. How long does a Zakat payer have to pay Zakat after the fiscal year ends?

a) 60 days

b) 90 days

c) 120 days

d) 180 days

Answer: c) 120 days

9. The indirect method to calculate the Zakat base involves:

a) Direct income calculation

b) Sources of funds method

c) Asset depreciation

d) Only deducting liabilities

Answer: b) Sources of funds method

10. Which of the following is added to the Zakat base?

a) Intangible assets

b) Adjusted net loss

c) Capital

d) Net fixed assets

Answer: c) Capital

11. Which of the following is deducted from the Zakat base?

a) Retained earnings

b) Intangible assets

c) Advanced revenue

d) Net profit

Answer: b) Intangible assets

12. What is the Zakat treatment for long-term liabilities?

a) Always exempt

b) Added to Zakat base up to maximum deductions

c) Deducted from base

d) Considered revenue

Answer: b) Added to Zakat base up to maximum deductions

13. The minimum Zakat base cannot be less than:

a) Adjusted net profit

b) Capital

c) Revenue

d) Total liabilities

Answer: a) Adjusted net profit

14. When does the Zakat year begin?

a) First day of Hijri year

b) Upon issuance of commercial register

c) At any point chosen by Zakat payer

d) January 1st

Answer: b) Upon issuance of commercial register

15. How is the Zakat rate applied if the fiscal year differs from the Hijri year?

a) It is exempt

b) Pro-rated by actual days

c) Fixed at 2.5%

d) Reduced to 1%

Answer: b) Pro-rated by actual days

16. Normal business expenses for Zakat payers are:

a) Deductible

b) Non-deductible

c) Included as income

d) Taxable

Answer: a) Deductible

17. Which of these expenses is NOT deductible for Zakat?

a) Salaries for registered employees

b) Entertainment expenses

c) Donations to authorized entities

d) School expenses

Answer: b) Entertainment expenses

18. Donations to authorized entities for Zakat payers are:

a) Fully deductible

b) Only partially deductible

c) Non-deductible

d) Considered revenue

Answer: a) Fully deductible

19. Provisions and reserves formed during the year are:

a) Deducted from Zakat base

b) Non-deductible

c) Added to equity

d) Only partially included

Answer: b) Non-deductible

20. For Zakat purposes, entertainment expenses are:

a) Deductible

b) Non-deductible

c) Zakatable

d) Ignored

Answer: b) Non-deductible

21. Objection to Zakat assessment can be filed with:

a) Ministry of Finance

b) Tax Dispute and Appellate Committee

c) Local court

d) Legal Department of Zakat Authority

Answer: b) Tax Dispute and Appellate Committee

22. A Zakat payer can file an appeal during the objection period with:

a) Finance Ministry

b) Settlement Committee

c) Central Bank

d) Local Court

Answer: b) Settlement Committee

23. Which is NOT a source of Zakat revenue?

a) Net profit

b) Capital

c) Zakatable investments

d) Personal expenses

Answer: d) Personal expenses

24. The zakat treatment for agriculture inputs is:

a) Zakatable

b) Non-zakatable

c) Exempt

d) Added to Zakat base

Answer: b) Non-zakatable

25. A non-resident is defined as:

a) Only foreign citizens

b) Anyone outside Saudi Arabia

c) Any person not qualifying as a resident

d) Foreign business owners only

Answer: c) Any person not qualifying as a resident

26. Which items are added to Zakat base?

a) Capital work in progress

b) Net fixed assets

c) Retained earnings

d) Adjusted net loss

Answer: c) Retained earnings

27. Which document regulates commercial records?

a) Zakat Regulation Act

b) Royal Decree No. (M/61)

c) Commercial Revenue Act

d) Zakat Collection Act

Answer: b) Royal Decree No. (M/61)

28. For Zakat, the fair value change in assets is:

a) Deducted

b) Added to Zakat base

c) Ignored

d) Classified as liability

Answer: b) Added to Zakat base

29. Which of the following defines the concept of Zakat year?

a) Hijri year only

b) Fiscal year of Zakat payer

c) Gregorian year only

d) Fixed annual period

Answer: b) Fiscal year of Zakat payer

30. What is deducted when calculating Zakat base?

a) Gross revenue

b) Adjusted net loss

c) Retained earnings

d) Long-term liabilities

Answer: b) Adjusted net loss

31. What is the minimum Zakat collection rate on the base?

a) 1%

b) 2%

c) 2.5%

d) 3%

Answer: c) 2.5%

32. Advance payments for Zakat calculation are:

a) Fully deductible

b) Added to Zakat base

c) Only added if renewed

d) Considered revenue

Answer: b) Added to Zakat base

33. Non-Zakatable assets in the Zakat base calculation include:

a) Cash reserves

b) Intangible assets

c) Retained earnings

d) Equity

Answer: b) Intangible assets

34. The Zakat treatment for inventory under development is:

a) Deductible

b) Zakatable

c) Exempt

d) Added if current

Answer: a) Deductible

35. In Zakat, non-deductible expenses include:

a) Salaries

b) Business expenses

c) Personal expenses

d) Authorized donations

Answer: c) Personal expenses

36. Provisions used during the Zakat year are:

a) Added to base

b) Deducted from base

c) Exempt

d) Ignored

Answer: b) Deducted from base

37. Statutory deposits for insurance companies are:

a) Zakatable

b) Deductible

c) Exempt

d) Considered capital

Answer: b) Deductible

38. Short financial periods at year-end under 354 days are:

a) Exempt from Zakat

b) Taxed at reduced rate

c) Considered normal period

d) Prorated by days

Answer: a) Exempt from Zakat

39. The basis for calculating adjusted net profit includes:

a) Income before expenses

b) Book profit or loss

c) Total assets

d) Liabilities only

Answer: b) Book profit or loss

40. Expenses without supporting documents for Zakat are:

a) Deductible

b) Non-deductible

c) Zakatable

d) Deferred

Answer: b) Non-deductible