1. What is the primary purpose of Zakat in Islam?

a) Wealth accumulation

b) Poverty alleviation and social welfare

c) Tax revenue generation

d) Business growth

Answer: b) Poverty alleviation and social welfare

2. Which authority is responsible for Zakat collection in Saudi Arabia?

a) Ministry of Commerce

b) Zakat, Tax, and Customs Authority

c) Saudi Central Bank

d) Social Security Fund

Answer: b) Zakat, Tax, and Customs Authority

3. How often is Zakat collected from Zakat payers?

a) Monthly

b) Annually

c) Bi-annually

d) Quarterly

Answer: b) Annually

4. What percentage of Zakat is typically applied to Zakatable assets?

a) 1%

b) 2%

c) 2.5%

d) 3%

Answer: c) 2.5%

5. What is the Zakatable year based on?

a) Fiscal year

b) Gregorian year

c) Hijri year

d) Calendar year

Answer: c) Hijri year

6. In Zakat, what does 'Al-Hawl' refer to?

a) One fiscal year

b) One Hijri year

c) A quarter

d) A month

Answer: b) One Hijri year

7. For Zakat purposes, who qualifies as a 'resident'?

a) Only Saudi nationals

b) All citizens in Saudi Arabia

c) Individuals meeting residency requirements in Article 3

d) Foreign workers

Answer: c) Individuals meeting residency requirements in Article 3

8. Which type of assets are generally excluded from the Zakat base?

a) Inventory

b) Cash

c) Fixed assets

d) Receivables

Answer: c) Fixed assets

9. How is adjusted net profit treated in the Zakat base?

a) Added to base

b) Deducted from base

c) Excluded

d) Multiplied by 2.5%

Answer: a) Added to base

10. Who is required to file a Zakat Declaration?

a) Individuals only

b) All businesses

c) Only large corporations

d) Only foreign businesses

Answer: b) All businesses

11. Zakat on inventory applies to:

a) Unsold stock only

b) Inventory intended for sale

c) Fixed assets

d) All inventory items

Answer: b) Inventory intended for sale

12. For Zakat calculation, what is the primary asset type included?

a) Fixed assets

b) Current assets

c) Non-Zakatable assets

d) All assets

Answer: b) Current assets

13. Eligible recipients of Zakat include:

a) Government entities

b) The poor and needy

c) Wealthy individuals

d) Non-residents

Answer: b) The poor and needy

14. What is the purpose of a Zakat Declaration?

a) To report income only

b) To declare the Zakatable base

c) For tax calculation

d) Only for government records

Answer: b) To declare the Zakatable base

15. Which expense is typically NOT deductible from the Zakat base?

a) Employee wages

b) Inventory costs

c) Personal expenses

d) Fixed assets expenses

Answer: c) Personal expenses

16. Who is responsible for enforcing Zakat compliance?

a) Ministry of Finance

b) Zakat, Tax, and Customs Authority

c) Saudi Central Bank

d) Local Municipalities

Answer: b) Zakat, Tax, and Customs Authority

17. What is the treatment of long-term investments in Zakat calculation?

a) Fully included

b) Excluded if non-Zakatable

c) Always deductible

d) Only if listed

Answer: b) Excluded if non-Zakatable

18. The direct method for calculating Zakat involves:

a) Calculating all sources of funds

b) Using only net profit

c) Adding all Zakatable assets

d) Deducting short-term liabilities only

Answer: c) Adding all Zakatable assets

19. Zakat is required on:

a) Fixed assets

b) Personal properties

c) Zakatable assets

d) Only income

Answer: c) Zakatable assets

20. How are receivables treated for Zakat purposes?

a) Discounted

b) Excluded if unpaid

c) Included at full value

d) Deducted

Answer: c) Included at full value

21. Which guideline is NOT typically followed in Zakat calculation?

a) Excluding fixed assets

b) Including cash on hand

c) Exempting trading stocks

d) Adding all long-term investments

Answer: c) Exempting trading stocks

22. The Zakat rate for businesses on Zakatable assets is:

a) 1%

b) 2%

c) 2.5%

d) 4%

Answer: c) 2.5%

23. Which of the following assets is added to Zakat base?

a) Capital and reserves

b) Non-current liabilities

c) Personal savings

d) Real estate

Answer: a) Capital and reserves

24. What is the minimum Zakatable base amount?

a) 5000 SAR

b) 85 grams of gold

c) 1000 SAR

d) 50 grams of silver

Answer: b) 85 grams of gold

25. When Zakat is not declared on time, what is the consequence?

a) Exemption

b) Legal penalties

c) Discounted rate

d) Partial payment

Answer: b) Legal penalties

26. In Saudi Arabia, Zakat is collected and managed by:

a) Local banks

b) Ministry of Commerce

c) Zakat, Tax, and Customs Authority

d) Private firms

Answer: c) Zakat, Tax, and Customs Authority

27. How often must businesses declare Zakat?

a) Annually

b) Bi-annually

c) Monthly

d) Every five years

Answer: a) Annually

28. Who can receive Zakat funds?

a) All taxpayers

b) Eligible recipients as defined by Zakat rules

c) Corporate entities

d) Local businesses

Answer: b) Eligible recipients as defined by Zakat rules

29. How are assets classified for Zakat purposes?

a) Zakatable and non-Zakatable

b) Short-term and long-term

c) High-value and low-value

d) Current and non-current

Answer: a) Zakatable and non-Zakatable

30. What is typically not deductible from Zakat base?

a) Fixed assets

b) Inventory

c) Accounts receivable

d) Employee wages

Answer: a) Fixed assets

31. The concept of Al-Hawl applies to:

a) Six months

b) One Hijri year

c) Fiscal year

d) One calendar year

Answer: b) One Hijri year

32. For Zakat, which expense is considered?

a) Only personal

b) Only capital

c) Business-related expenses

d) None of the above

Answer: c) Business-related expenses

33. Zakat on business income should be declared:

a) Immediately upon earning

b) Annually after calculation

c) Every quarter

d) Every six months

Answer: b) Annually after calculation

34. Zakat calculation requires what type of record?

a) General records

b) Zakat-specific accounts

c) Basic income reports

d) Audited financials

Answer: d) Audited financials

35. In Transport Sector, Zakat base includes:

a) Only inventory

b) Only receivables

c) All current assets

d) Only physical assets

Answer: c) All current assets

36. How is Zakat on receivables calculated?

a) If paid only

b) Full value of receivables

c) Discounted by 50%

d) Exclude unpaid

Answer: b) Full value of receivables

37. The primary function of Zakat, Tax, and Customs Authority includes:

a) Only tax collection

b) Public welfare

c) Zakat compliance

d) None of the above

Answer: c) Zakat compliance

38. What is the purpose of calculating Zakat for transport sector entities?

a) Regulatory reporting

b) Charitable contribution

c) Income tax equivalent

d) Social obligation

Answer: d) Social obligation

39. For long-term assets, Zakat is:

a) Always deducted

b) Excluded unless Zakatable

c) Only if sold

d) Only if over 10 years

Answer: b) Excluded unless Zakatable

40. The primary type of assets considered in Zakat calculation are:

a) Fixed assets

b) Current assets

c) Non-Zakatable assets

d) Intangible assets

Answer: b) Current assets