1. Which of the following types of debt is added to the Zakat base?

a) Short-term debt under 354 days

b) Long-term debt spanning over two Zakat years

c) Debt paid within one fiscal year

d) Equity debt

Answer: b) Long-term debt spanning over two Zakat years

2. How are advance payments treated for Zakat calculation?

a) They are fully deductible

b) The lesser of beginning or end of the year balance is added to the base

c) They are included only if renewed

d) They are not added

Answer: b) The lesser of beginning or end of the year balance is added to the base

3. Bad debts can be deducted if:

a) They are from an activity and were previously reported as revenue

b) They are related to government dues

c) They are liabilities from an external creditor

d) None of the above

Answer: a) They are from an activity and were previously reported as revenue

4. What is required for bad debt deduction?

a) Approval from a government official

b) Proof of a bad debt cancellation decision

c) Debt paid within the fiscal year

d) Proof of related party obligation

Answer: b) Proof of a bad debt cancellation decision

5. Long-term loans are added to the Zakat base under what condition?

a) Debt arises for a short-term obligation

b) Debt spans over 354 days

c) Debt remains unpaid for 2 years

d) Debt has reached zero value

Answer: b) Debt spans over 354 days

6. If a debt is replaced by another debt, the treatment is:

a) Exempt from Zakat

b) Added as a new debt

c) Added without interruption

d) Removed from Zakat base

Answer: c) Added without interruption

7. Which of the following loans are NOT added to Zakat base?

a) Short-term loans for assets

b) Long-term loans

c) Debts renewed within the year

d) Current debts used for deductible financing

Answer: a) Short-term loans for assets

8. Which paragraph outlines government and commercial finance treatment for Zakat?

a) Paragraph 1

b) Paragraph 3

c) Paragraph 5

d) Paragraph 7

Answer: b) Paragraph 3

9. Obligations transferred from equity to debts should be:

a) Ignored in Zakat base

b) Added to Zakat base as internal funds

c) Deducted as liabilities

d) Reported separately

Answer: b) Added to Zakat base as internal funds

10. For long-term debts added mid-year, Zakat is based on:

a) The full debt value

b) Amount used before end of year

c) Days remaining in the year

d) Only principal

Answer: c) Days remaining in the year

11. Short-term revolving loans are added to Zakat if:

a) Zero balance for over 10 days

b) Balance reaches zero value

c) Balance stays above zero

d) Held longer than 2 years

Answer: c) Balance stays above zero

12. The Zakat treatment for employees' advance payments is:

a) Added if long-term

b) Exempt

c) Considered current liabilities

d) Added if short-term

Answer: a) Added if long-term

13. How is current debt of partners treated?

a) Exempt

b) Added to Zakat base

c) Deducted from Zakat base

d) Only included if used

Answer: b) Added to Zakat base

14. Government dues are included in Zakat if they meet which criteria?

a) Short-term only

b) Obligation criteria

c) Deductible criteria

d) Prepaid in advance

Answer: b) Obligation criteria

15. Zakat treatment for provisions involves:

a) Only deducting used amount

b) Adding all provisions

c) Adding the balance less used amount

d) No Zakat on provisions

Answer: c) Adding the balance less used amount

16. The Zakat treatment for accrued loans is:

a) Exempt if paid within year

b) Added to base if for deductible asset

c) Exempt

d) Deducted

Answer: b) Added to base if for deductible asset

17. Which of the following qualifies for Zakat deduction?

a) Advance payments at year end

b) Long-term debts

c) Unpaid bills

d) Employee obligations

Answer: a) Advance payments at year end

18. The Zakat base for long-term debt at year-end is limited to:

a) All obligations

b) Deductible financing

c) All debts regardless of duration

d) Amount of deductible financing

Answer: d) Amount of deductible financing

19. How are revolving loans treated for Zakat?

a) Added only if above zero balance

b) Exempt if renewed

c) Added at beginning of year only

d) Deducted

Answer: a) Added only if above zero balance

20. Short-term debts are generally:

a) Exempt

b) Deductible

c) Added to Zakat base

d) Ignored

Answer: a) Exempt

21. Long-term loans added mid-year must consider:

a) The loan duration

b) Principal only

c) Days remaining

d) Zakat year-end

Answer: c) Days remaining

22. Provisions during the Zakat year are added to:

a) Gross revenue

b) Adjusted profit/loss

c) Equity

d) Liabilities

Answer: b) Adjusted profit/loss

23. Trade receivables for Zakat purposes are:

a) Exempt

b) Deductible

c) Added as income

d) Zakatable asset

Answer: d) Zakatable asset

24. Zakat treatment requires that liabilities financing deductible items are:

a) Ignored

b) Added to Zakat base

c) Deducted

d) Not considered

Answer: b) Added to Zakat base

25. A debt obligation renewed within the year is:

a) Exempt

b) Interrupted and removed

c) Continued without interruption

d) Only partially added

Answer: c) Continued without interruption

26. Short-term loans in financing a fixed asset are:

a) Exempt

b) Added to Zakat base

c) Added if renewed

d) Deducted from base

Answer: b) Added to Zakat base

27. If debt is rescheduled, Zakat treatment is:

a) Exemption applies

b) Continuous addition

c) Deducted

d) Deferred

Answer: b) Continuous addition

28. Current debts related to deductible assets are:

a) Added fully

b) Exempt

c) Partially added

d) Ignored

Answer: a) Added fully

29. Trade receivables for non-deductible activities are:

a) Exempt

b) Zakatable

c) Ignored

d) Deferred

Answer: b) Zakatable

30. Debt classified as long-term during the year end limits additions to:

a) 30%

b) Deductible financing amount

c) Zakat base only

d) Total liabilities

Answer: b) Deductible financing amount

31. How is equity treated in debt financing for Zakat?

a) Deducted

b) Considered Zakatable

c) Treated as capital

d) Exempt

Answer: b) Considered Zakatable

32. Loans under government dues are added if:

a) Debt exceeds 354 days

b) Held by related parties

c) Used for non-current asset

d) Meets obligation criteria

Answer: d) Meets obligation criteria

33. Advance payments added to Zakat base include:

a) Full amount only

b) Lesser of beginning or end balance

c) Only excess amount

d) Total obligation

Answer: b) Lesser of beginning or end balance

34. In financing Zakat, employee advances are:

a) Exempt

b) Added if deductible

c) Zakatable

d) Added if long-term

Answer: d) Added if long-term

35. The value of provisions less used amount is:

a) Added to Zakat base

b) Exempt

c) Deducted from equity

d) Ignored

Answer: a) Added to Zakat base

38. Government loans for short-term purposes are:

a) Deducted

b) Added to Zakat base

c) Exempt

d) Zakatable at full value

Answer: b) Added to Zakat base

39. Debt obligations used for equity purposes are:

a) Deducted

b) Excluded

c) Treated as Zakatable

d) Deferred

Answer: c) Treated as Zakatable

40. Advance payments at year-end are:

a) Deducted

b) Zakatable if used

c) Added if obligation exists

d) Included if lesser balance

Answer: d) Included if lesser balance