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

a) Economic development

b) Social welfare and poverty alleviation

c) Accumulation of wealth

d) Revenue generation

Answer: b) Social welfare and poverty alleviation

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

a) Ministry of Finance

b) Saudi Central Bank

c) Zakat, Tax, and Customs Authority (ZATCA)

d) Social Security Fund

Answer: c) Zakat, Tax, and Customs Authority (ZATCA)

3. How often is Zakat typically collected from eligible payers?

a) Monthly

b) Annually

c) Quarterly

d) Bi-annually

Answer: b) Annually

4. What percentage of Zakat is usually 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. Who is considered a resident for Zakat purposes?

a) Saudi citizens only

b) Residents meeting Article 3 requirements

c) All citizens in Saudi Arabia

d) Foreign workers

Answer: b) Residents meeting Article 3 requirements

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 the adjusted net profit handled in Zakat calculations?

a) Added to base

b) Deducted from base

c) Excluded

d) Multiplied by 2.5%

Answer: a) Added to base

10. Zakatable assets include:

a) Fixed assets

b) Current assets

c) Non-Zakatable assets

d) All assets

Answer: b) Current assets

11. Eligible Zakat recipients include:

a) Government agencies

b) The poor and needy

c) Foreign organizations

d) All taxpayers

Answer: b) The poor and needy

12. What must businesses submit annually for Zakat purposes?

a) Tax declaration

b) Zakat Declaration

c) Revenue report

d) Assets statement

Answer: b) Zakat Declaration

13. Which method is commonly used to calculate Zakat base?

a) Direct income

b) Indirect

c) Asset-based

d) Direct and indirect

Answer: d) Direct and indirect

14. Zakat on inventory applies to:

a) Only unsold stock

b) Inventory intended for sale

c) Property assets

d) Fixed assets

Answer: b) Inventory intended for sale

15. When is the Zakat declaration due for companies?

a) Within 30 days of fiscal year-end

b) Within 120 days of fiscal year-end

c) By June 30

d) Within 6 months

Answer: b) Within 120 days of fiscal year-end

16. How are long-term investments classified for Zakat?

a) Zakatable

b) Exempt if non-Zakatable

c) Fully exempt

d) Only included if local

Answer: b) Exempt if non-Zakatable

17. Which agency enforces Zakat compliance in Saudi Arabia?

a) Ministry of Finance

b) General Authority of Zakat & Tax

c) Ministry of Commerce

d) Saudi Central Bank

Answer: b) General Authority of Zakat & Tax

18. Which is NOT typically a Zakatable asset?

a) Inventory

b) Cash

c) Accounts receivable

d) Property, plant, and equipment

Answer: d) Property, plant, and equipment

19. What basis is generally used for Zakat calculation?

a) Income-based

b) Capital-based

c) Asset-based

d) Fixed percentage

Answer: c) Asset-based

20. What is the role of ZATCA in Zakat management?

a) Tax collection only

b) Public welfare

c) Awareness and compliance of Zakat

d) Debt recovery

Answer: c) Awareness and compliance of Zakat

21. Which expense is NOT deductible from the Zakat base?

a) Employee wages

b) Personal expenses

c) Donations

d) Inventory costs

Answer: b) Personal expenses

22. Zakat is generally required on:

a) Fixed assets

b) Personal assets

c) Zakatable assets

d) Income only

Answer: c) Zakatable assets

23. How is Zakat calculated on accounts receivable?

a) At full value

b) Discounted if unpaid

c) Not included

d) Only if settled

Answer: a) At full value

24. 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

25. Zakat on shares applies when shares are:

a) Traded in Saudi Arabia

b) Privately held

c) In Saudi companies

d) For personal use

Answer: a) Traded in Saudi Arabia

26. For Zakat, what rate applies to adjusted net profit?

a) 1%

b) 2.5%

c) 3%

d) 4%

Answer: b) 2.5%

27. Who oversees the Zakat collection system in Saudi Arabia?

a) Saudi Central Bank

b) Zakat, Tax, and Customs Authority

c) Ministry of Finance

d) Social Security Fund

Answer: b) Zakat, Tax, and Customs Authority

28. What type of investments are generally deductible?

a) Short-term investments

b) Trading stocks

c) Non-trading company shares

d) Foreign real estate

Answer: c) Non-trading company shares

29. The main Zakat year for individuals and companies is based on:

a) Fiscal year

b) Gregorian year

c) Hijri year

d) Choice of taxpayer

Answer: c) Hijri year

30. What is considered a non-Zakatable asset?

a) Cash on hand

b) Land for resale

c) Machinery for business use

d) Inventory

Answer: c) Machinery for business use

31. Zakat is calculated on:

a) Net income

b) Gross income

c) Zakatable base

d) Assets only

Answer: c) Zakatable base

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

a) Personal savings

b) Cash in hand

c) Long-term assets

d) Retained earnings

Answer: d) Retained earnings

33. What happens if Zakat is not declared on time?

a) Exemption from Zakat

b) Legal penalties

c) Lower Zakat rate

d) No impact

Answer: b) Legal penalties

34. What is the role of Al-Hawl in Zakat?

a) Defines fiscal year

b) Defines Zakat year

c) Specifies quarterly Zakat

d) Monthly calculation

Answer: b) Defines Zakat year

35. Zakat on rental income is:

a) Exempt if reinvested

b) Mandatory

c) Optional

d) Only for large properties

Answer: b) Mandatory

36. Who can Zakat funds be distributed to?

a) Eligible citizens

b) Government officials

c) International charities

d) Wealthy individuals

Answer: a) Eligible citizens

37. For Zakat, receivables from foreign entities are:

a) Always included

b) Exempt

c) Added at half value

d) Discounted

Answer: b) Exempt

38. Zakat on accumulated retained earnings is:

a) Not applicable

b) Based on profit

c) Always included

d) Added if Zakatable

Answer: c) Always included

39. How often must a Zakat declaration be filed?

a) Monthly

b) Annually

c) Quarterly

d) Bi-annually

Answer: b) Annually

40. Who is exempt from Zakat declaration?

a) Foreign businesses

b) Government agencies

c) Non-commercial entities

d) Joint ventures

Answer: c) Non-commercial entities