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

a) Economic development

b) Social welfare and poverty alleviation

c) Government revenue

d) Legal compliance

Answer: b) Social welfare and poverty alleviation

2. Which authority is responsible for the collection and management of Zakat in Saudi Arabia?

a) Ministry of Finance

b) Saudi Central Bank

c) Zakat, Tax, and Customs Authority

d) Social Security Fund

Answer: c) 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 main Zakatable year based on?

a) Fiscal year

b) Gregorian year

c) Hijri year

d) Taxpayer's choice

Answer: c) Hijri year

6. In Zakat, the term 'Al-Hawl' refers to:

a) One calendar year

b) A fiscal quarter

c) One Hijri year

d) A financial half-year

Answer: c) One Hijri year

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

a) All citizens

b) Only Saudi nationals

c) As per Article (3) residency requirements

d) Foreign investors

Answer: c) As per Article (3) residency requirements

8. Which item is NOT deductible from the Zakat base?

a) Fixed assets

b) Cash

c) Inventory

d) Receivables

Answer: a) Fixed assets

9. What is the purpose of a Zakat Declaration?

a) To report income

b) To calculate tax

c) To declare Zakatable base

d) For legal compliance

Answer: c) To declare Zakatable base

10. Which method is used to calculate the Zakat base?

a) Direct method

b) Indirect method

c) Both direct and indirect

d) Estimated method only

Answer: c) Both direct and indirect

11. 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

12. What is added to the Zakat base when calculating Zakat?

a) Non-Zakatable assets

b) Capital and equity

c) Personal expenses

d) Fixed asset expenses

Answer: b) Capital and equity

13. Zakat base should not be less than:

a) Gross revenue

b) Net profit

c) Adjusted net profit

d) Operating expenses

Answer: c) Adjusted net profit

14. How are long-term obligations treated in Zakat?

a) Added in full

b) Excluded completely

c) Added proportionately

d) Only added if Zakatable

Answer: c) Added proportionately

15. What happens if Zakat declaration is submitted late?

a) Penalties apply

b) Exemptions provided

c) Discounted Zakat rate

d) Partial payment allowed

Answer: a) Penalties apply

16. Which type of assets are considered Zakatable?

a) Fixed assets

b) Current assets

c) Non-trading assets

d) Statutory deposits

Answer: b) Current assets

17. Who is eligible to receive Zakat?

a) All citizens

b) The needy and poor

c) Government officials

d) Business owners

Answer: b) The needy and poor

18. What must a Zakat payer do if they don't meet the Zakat base?

a) Apply for exemption

b) Submit documentation

c) Use adjusted profit as base

d) Delay payment

Answer: c) Use adjusted profit as base

19. Zakat is obligatory for which type of business?

a) Only large corporations

b) All for-profit businesses

c) Foreign businesses only

d) Personal businesses only

Answer: b) All for-profit businesses

20. Which of the following is NOT included in Zakat calculation?

a) Profit from sales

b) Rental income

c) Personal gifts

d) Inventory value

Answer: c) Personal gifts

21. Zakat on shares is calculated if they are:

a) Traded in the market

b) Privately held

c) In a public company

d) Part of a Saudi company

Answer: a) Traded in the market

22. Which expense is deductible in Zakat base?

a) Personal expenses

b) Employee wages

c) Business-related donations

d) Shareholder dividends

Answer: c) Business-related donations

23. How are long-term investments treated in Zakat base?

a) Included fully

b) Excluded if non-Zakatable

c) Pro-rated by value

d) Only if traded

Answer: b) Excluded if non-Zakatable

24. What rate is typically applied to Zakatable income?

a) 1%

b) 2.5%

c) 3%

d) 4%

Answer: b) 2.5%

25. When is Al-Hawl considered completed?

a) After 354 days

b) End of calendar year

c) Every quarter

d) End of fiscal year

Answer: a) After 354 days

26. Which funds are considered Zakatable?

a) Personal savings

b) Business loans

c) Fixed assets

d) Business receivables

Answer: d) Business receivables

27. What is the minimum Zakatable amount?

a) 1000 SAR

b) 5000 SAR

c) 85 grams of gold value

d) 50 grams of silver value

Answer: c) 85 grams of gold value

28. Zakat on household activities applies to:

a) Personal household items

b) Business-related assets

c) Assets in savings

d) All properties owned

Answer: b) Business-related assets

29. Short-term liabilities are:

a) Excluded from Zakat

b) Added if financing Zakatable items

c) Always deductible

d) Never deducted

Answer: b) Added if financing Zakatable items

30. Who oversees the Zakat compliance?

a) Ministry of Commerce

b) Saudi Central Bank

c) Zakat, Tax, and Customs Authority

d) Municipal office

Answer: c) Zakat, Tax, and Customs Authority

31. Zakat is not applicable to:

a) Property under development

b) Statutory reserves

c) Fixed assets

d) Foreign investments

Answer: c) Fixed assets

32. The Zakat Declaration must include:

a) All business expenses

b) Only income

c) Zakatable base

d) Only assets

Answer: c) Zakatable base

33. How is unclaimed shareholder dividends treated?

a) Excluded

b) Added to base

c) Deducted

d) Held in reserve

Answer: b) Added to base

34. Zakat payers must file their declaration by:

a) June 30

b) End of Hijri year

c) Within 120 days of fiscal year end

d) Quarterly

Answer: c) Within 120 days of fiscal year end

35. Assets that are not used for business are:

a) Exempt from Zakat

b) Fully included

c) Considered at cost

d) Deducted from base

Answer: a) Exempt from Zakat

36. How is Zakat calculated on receivables?

a) At full value

b) Discounted

c) Excluded if overdue

d) Added only if paid

Answer: a) At full value

37. Investments in local Saudi companies are:

a) Fully Zakatable

b) Exempt if Zakat is paid

c) Excluded

d) Only partially included

Answer: b) Exempt if Zakat is paid

38. Real estate under long-term development is:

a) Exempt

b) Fully Zakatable

c) Partially included

d) Not considered until sold

Answer: c) Partially included

39. Zakat compliance includes:

a) Only large firms

b) All commercial entities

c) Only foreign-owned businesses

d) Only individual traders

Answer: b) All commercial entities

40. What is excluded from Zakat if held abroad?

a) Non-trading assets

b) Fixed deposits

c) Real estate

d) Trading stocks

Answer: a) Non-trading assets