

Objective-Type Questions and Answers on Financing Activities Guideline

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1. What is Zakat?
   * A. A religious obligation in Islam
   * B. A form of tax in Saudi Arabia
   * C. A financial transaction
   * D. None of the above

Answer: A

1. Which authority is responsible for levying and collecting Zakat in Saudi Arabia?
   * A. Ministry of Finance
   * B. General Authority of Zakat & Tax (ZATCA)
   * C. Saudi Central Bank (SAMA)
   * D. Social Security Organization Answer: B
2. When was the Royal Decree that stipulated Zakat collection issued?
   * A. 1370 AH
   * B. 1405 AH
   * C. 1440 AH
   * D. 2021 AD

Answer: A

1. What percentage of Zakat is generally applicable for financing activities in Saudi Arabia?
   * A. 1.5%
   * B. 2.5%
   * C. 3%
   * D. 5%

Answer: B



1. What type of assets are considered non-Zakatable?
   * A. Cash and cash equivalents
   * B. Accounts receivable
   * C. Property and equipment
   * D. Inventory

Answer: C

1. Who are considered Zakat payers under Saudi regulations?
   * A. Only individuals
   * B. Only companies
   * C. Individuals and companies with financial activities
   * Only residents

Answer: C

1. What formula is used to calculate Zakat base for financing activities?
   * A. Zakat Base = Zakatable Assets / Total Assets
   * B. Zakat Base = Sources of Funds X (Zakatable Assets / Total Assets)
   * C. Zakat Base = Net Profit X 2.5%
   * D. None of the above

Answer: B

1. Which of the following assets is Zakatable?
   * A. Property and equipment
   * B. Intangible assets
   * C. Cash and cash equivalents
   * D. Investments in government Sukuk

Answer: C



1. What is the minimum limit of the Zakat base if the Zakat payer realizes a net profit?
   * A. 2 times net profit
   * B. 3 times net profit
   * C. 4 times net profit
   * D. 8 times net profit

Answer: C

1. Under which circumstances is a deemed calculation method used?
   * A. When Zakat payer maintains statutory accounts
   * B. When Zakat payer fails to file the declaration on time
   * C. When Zakat is calculated based on assets only
   * D. When the profit margin is less than 2.5%
   * Answer: B
2. What is Al Hawl in Zakat calculation?
   * A. One lunar year
   * B. One calendar year
   * C. Six months
   * D. Five years

Answer: A

1. Who supervises Zakat declaration submissions in Saudi Arabia?
   * A. Zakat and Tax Authority
   * B. Ministry of Justice
   * C. Saudi Stock Exchange
   * D. Saudi Arabian Monetary Authority

Answer: A



1. Which formula adjusts Zakat calculation when the fiscal year is not based on the Hijri year?
   * A. Adjusted Net Profit X 2.5%
   * B. 2.5% / 354 X Number of days in fiscal year
   * C. Net Profit - 10%
   * D. Zakatable Assets / Total Assets

Answer: B

1. Which assets are added to the Zakat base calculation under short-term liabilities?
   * A. Non-deductible assets
   * B. Deductible assets
   * C. Long-term assets
   * D. None of the above

Answer: B

1. What is the Zakat percentage applied to Zakatable assets for a full lunar year?
   * A. 1.5%
   * B. 2.5%
   * C. 4%
   * D. 5%

Answer: B



1. What is a requirement for consolidation of financial statements for Zakat purposes?
   * A. The company must be publicly listed
   * B. The company must be fully owned by the Zakat payer
   * C. The company must have a minimum capital of SAR 1 million
   * D. The company must be approved by SAMA

Answer: B

1. What is considered an internal source of funds in Zakat calculations?
   * A. External borrowings
   * B. Equity
   * C. Short-term liabilities
   * D. Bonds

Answer: B

1. What is a positive fair value of derivatives classified as?
   * A. Zakatable assets
   * B. Non-Zakatable assets
   * C. Deductible liability
   * D. None of the above

Answer: B

1. What are the two main Zakat calculation methods for companies?
   * A. Direct and indirect methods
   * B. Cash and accrual methods
   * C. Debit and credit methods
   * D. Zakat and Sadaqah methods

Answer: A



1. In case of no net profit, how is the minimum Zakat base determined?
   * A. Based on total assets
   * B. 10% of gross profit
   * C. Adjusted Net Profit
   * D. Based on market value

Answer: B

1. Which authority issues the guidelines for Zakat calculation?
   * A. Saudi Central Bank
   * B. Ministry of Commerce
   * C. General Authority of Zakat & Tax
   * D. Ministry of Finance

Answer: C

1. What is the Zakat rate for financing activities when the Zakat year differs from the Hijri year?
   * A. Adjusted based on Hijri calendar
   * B. Set at 2%
   * C. Set at 3%
   * D. Fixed at 2.5%

Answer: A



1. Which of these funds is not subject to Zakat?
   * A. Long-term debt
   * B. Short-term liabilities
   * C. Internal funds
   * D. Shareholders' equity

Answer: B

1. In Zakat calculations, what term describes twelve lunar months?
   * A. Fiscal period
   * B. Gregorian year
   * C. Al Hawl
   * D. Zakat cycle

Answer: C

1. How does ZATCA handle objections from Zakat payers regarding assessments?
   * A. Issues a penalty
   * B. Accepts objections for review
   * C. Rejects all objections
   * D. Transfers cases to SAMA Answer: B



1. What is the purpose of calculating a Zakat base?
   * A. To determine non-Zakatable assets
   * B. To establish taxable income
   * C. To calculate Zakat liability
   * D. To assess company profitability

Answer: C

1. Which method does the Authority use to compute Zakat for financing activities?
   * A. Direct method
   * B. Altanseeb method
   * C. Cash basis
   * D. Accrual method

Answer: B

1. Which assets are excluded from Zakat calculations?
   * A. Current assets
   * B. Zakatable assets
   * C. Intangible assets
   * D. Cash reserves

Answer: C

1. Who must file a Zakat declaration under the Rules?
   * A. Individuals only
   * B. Companies licensed by SAMA
   * C. Non-residents
   * D. Private entities only

Answer: B



1. What document is necessary for determining the Zakat base?
   * A. Income statement
   * B. Zakat Declaration Form
   * C. Tax identification document
   * D. Memorandum of Association

Answer: B

1. If a Zakat payer has a positive fair value derivative, how is it treated?
   * A. As a non-Zakatable asset
   * B. As Zakatable income
   * C. As a short-term liability
   * D. As part of gross profit

Answer: A

1. What method of Zakat calculation does not apply to financing entities?
   * A. Direct method
   * B. Indirect method
   * C. Deemed method
   * D. Altanseeb method

Answer: C

1. What type of reserve is considered an internal fund in Zakat calculations?
   * A. Cash reserve
   * B. Statutory reserve
   * C. Negative fair value reserve
   * D. Real estate reserve

Answer: B



1. Under the rules, what is a 'non-Zakatable asset'?
   * A. Cash holdings
   * B. Inventory
   * C. Property and equipment
   * D. Receivables

Answer: C

1. How are short-term loans classified for Zakat purposes?
   * A. Zakatable assets
   * B. Deductible liabilities
   * C. Non-Zakatable assets
   * D. Internal funds

Answer: B

1. Which of these assets would be included in Zakatable assets?
   * A. Long-term fixed assets
   * B. Cash in hand
   * C. Government bonds
   * D. Statutory deposits

Answer: B

1. What is required for a consolidated Zakat declaration?
   * A. Zakat payer must have statutory accounts
   * B. Subsidiaries must be wholly owned



* + C. Parent company approval
  + D. Audit report for each entity

Answer: B

1. What entity bears Zakat on government-issued Sukuk?
   * A. Zakat payer
   * B. Saudi Central Bank
   * C. The state
   * D. Ministry of Finance

Answer: C

1. What is the adjusted rate for calculating Zakat over a Gregorian calendar year?
   * A. 2.5%
   * B. 2.578%
   * C. 3%
   * D. 1.5%

Answer: B

1. What document contains frequently asked questions about Zakat in Saudi Arabia?
   * A. Appendix of the Zakat Guidelines
   * B. SAMA Regulatory Document
   * C. Saudi Tax Manual
   * D. Financial Yearbook

Answer: A