1. What is the primary purpose of Zakat in Islamic law?

* a) Wealth accumulation
* b) Social solidarity and helping the needy
* c) Profit maximization
* d) Religious education
* Answer: b) Social solidarity and helping the needy

2. Which entity is responsible for collecting and managing Zakat in Saudi Arabia?

* a) Ministry of Finance
* b) Saudi Central Bank
* c) Zakat, Tax and Customs Authority (ZATCA)
* d) Social Security Administration
* Answer: c) Zakat, Tax and Customs Authority (ZATCA)

3. What percentage is generally used to calculate Zakat on zakatable assets?

* a) 1%
* b) 2.5%
* c) 5%
* d) 10%
* Answer: b) 2.5%

4. Who is considered a 'taxpayer' according to the Zakat regulations?

* a) Any individual in Saudi Arabia
* b) A legal person engaging in zakatable activities
* c) Only Saudi nationals
* d) Foreign companies only
* Answer: b) A legal person engaging in zakatable activities

5. Zakat on commercial activities is obligatory for which types of business activities?

* a) Only banking activities
* b) Any business intended to make a profit
* c) Real estate activities only
* d) International trade activities only
* Answer: b) Any business intended to make a profit

6. What is the role of ZATCA regarding Zakat?

* a) ZATCA collects and distributes Zakat directly to individuals
* b) ZATCA oversees the collection and calculation of Zakat
* c) ZATCA only audits Zakat calculations
* d) ZATCA invests Zakat in stock markets
* Answer: b) ZATCA oversees the collection and calculation of Zakat

7. What is required to be included in the Zakat declaration for accuracy?

* a) Only gross revenue
* b) All financial transactions including income, expenses, and assets
* c) Employee details
* d) Monthly business profits
* Answer: b) All financial transactions including income, expenses, and assets

8. What is deducted from the Zakat base?

* a) Cash
* b) Non-zakatable assets
* c) Only profits
* d) Zakatable assets
* Answer: b) Non-zakatable assets

9. For companies with consolidated accounts, who has the right to submit a consolidated Zakat declaration?

* a) Any shareholder
* b) A fully-owned holding company
* c) Any subsidiary
* d) Only foreign entities
* Answer: b) A fully-owned holding company

10. What is one of the main types of assets included in the Zakat base?

* a) Zakatable assets only
* b) Fixed assets
* c) Inventory
* d) Government bonds
* Answer: a) Zakatable assets only

11. How often must a taxpayer submit a Zakat declaration to ZATCA?

* a) Monthly
* b) Quarterly
* c) Annually
* d) Every two years
* Answer: c) Annually

12. Which department administers Zakat in Saudi Arabia?

* a) Ministry of Labor
* b) ZATCA
* c) Saudi Bank
* d) Public Investment Fund
* Answer: b) ZATCA

13. What document is issued upon successful Zakat registration?

* a) A taxpayer card
* b) Zakat registration certificate
* c) Compliance statement
* d) Annual report
* Answer: b) Zakat registration certificate

14. How is Zakat on inventory generally treated?

* a) Exempt
* b) Fully zakatable
* c) Partially deductible
* d) Not zakatable
* Answer: b) Fully zakatable

15. What happens if an individual does not meet residency criteria in the KSA?

* a) Still pays Zakat
* b) Pays reduced Zakat
* c) Exempt from Zakat
* d) Must apply to ZATCA
* Answer: c) Exempt from Zakat

16. What is required for an entity to be registered for Zakat purposes?

* a) A Saudi bank account
* b) An active business license
* c) At least 10 employees
* d) Registration with ZATCA
* Answer: d) Registration with ZATCA

17. What is the minimum Zakat rate applied to the Zakat base?

* a) 1%
* b) 2.5%
* c) 3%
* d) 5%
* Answer: b) 2.5%

18. What happens if a Zakat declaration is not submitted within the required time?

* a) Zakat is waived
* b) ZATCA uses the estimated calculation method
* c) Penalty fees are imposed
* d) The taxpayer is exempt from Zakat
* Answer: b) ZATCA uses the estimated calculation method

19. What portion of revenue must be generated in KSA for it to be subject to Zakat?

* a) 25%
* b) 50%
* c) 75%
* d) 100%
* Answer: b) 50%

20. What is one of the primary benefits of Zakat in the Islamic community?

* a) Encourages luxury spending
* b) Reduces government expenses
* c) Fosters wealth redistribution
* d) Supports foreign investment
* Answer: c) Fosters wealth redistribution

21. What is required to be included in the Zakat declaration for accuracy?

* a) Only gross revenue
* b) All financial transactions including income, expenses, and assets
* c) Employee details
* d) Monthly business profits
* Answer: b) All financial transactions including income, expenses, and assets

22. What is required for a foreign entity to qualify for Zakat exemption in the KSA?

* a) Must have a Saudi partner
* b) Must apply for residency
* c) Must meet non-resident criteria
* d) Declare no Zakat assets
* Answer: c) Must meet non-resident criteria

23. How does ZATCA view commercial loans in Zakat base calculations?

* a) Always deducts
* b) Never deducts
* c) Deducts if financing deductible assets
* d) Only deducts if international
* Answer: c) Deducts if financing deductible assets

24. How often must a taxpayer submit a Zakat declaration to ZATCA?

* a) Monthly
* b) Quarterly
* c) Annually
* d) Every two years
* Answer: c) Annually

25. Which types of profits are adjusted for Zakat purposes?

* a) Net profit only
* b) Gross profit only
* c) Adjusted profit that includes certain deductions
* d) Only profit from real estate
* Answer: c) Adjusted profit that includes certain deductions

26. What is the general principle for determining residency in the KSA for Zakat purposes?

* a) Length of stay in the KSA
* b) Nationality
* c) Owning property in the KSA
* d) Number of business transactions
* Answer: a) Length of stay in the KSA

27. What percentage ownership makes a non-Saudi partner's share subject to zakat in the KSA?

* a) Any percentage
* b) 50%
* c) None
* d) 100% ownership
* Answer: d) 100% ownership

28. What document is issued upon successful Zakat registration?

* a) A taxpayer card
* b) Zakat registration certificate
* c) Compliance statement
* d) Annual report
* Answer: b) Zakat registration certificate

29. For the fiscal year end, how many days does a company have to submit its Zakat declaration?

* a) 90 days
* b) 120 days
* c) 180 days
* d) 60 days
* Answer: b) 120 days

30. What is the role of the Social Security Fund in Zakat?

* a) Collect Zakat
* b) Enforce Zakat penalties
* c) Disburse Zakat to the needy
* d) Tax exemptions
* Answer: c) Disburse Zakat to the needy

31. Who qualifies as a 'resident' for Zakat purposes?

* a) Anyone owning a business
* b) Anyone with residence over 30 days
* c) Meeting residency requirements
* d) Non-residents
* Answer: c) Meeting residency requirements

32. What happens if a taxpayer under Zakat law lacks commercial books?

* a) Zakat is not calculated
* b) Estimated calculation method is used
* c) Penalty is imposed
* d) Exempt from Zakat
* Answer: b) Estimated calculation method is used

33. What is deducted from the Zakat base?

* a) Cash
* b) Non-zakatable assets
* c) Only profits
* d) Zakatable assets
* Answer: b) Non-zakatable assets

34. What is required for an entity to be registered for Zakat purposes?

* a) A Saudi bank account
* b) An active business license
* c) At least 10 employees
* d) Registration with ZATCA
* Answer: d) Registration with ZATCA

35. What is one of the main types of assets included in the Zakat base?

* a) Zakatable assets only
* b) Fixed assets
* c) Inventory
* d) Government bonds
* Answer: a) Zakatable assets only

36. What is the minimum Zakat rate applied to the Zakat base?

* a) 1%
* b) 2.5%
* c) 3%
* d) 5%
* Answer: b) 2.5%

37. How is Zakat on inventory generally treated?

* a) Exempt
* b) Fully zakatable
* c) Partially deductible
* d) Not zakatable
* Answer: b) Fully zakatable

38. How does ZATCA handle short-term liabilities for Zakat?

* a) Adds to ZB only if financing deductible assets
* b) Always adds
* c) Deducts from ZB
* d) Does not consider
* Answer: a) Adds to ZB only if financing deductible assets

39. Which assets are generally excluded from the Zakat base calculation?

* a) Inventory
* b) Cash
* c) Non-deductible fixed assets
* d) Receivables
* Answer: c) Non-deductible fixed assets

40. In case of delay in Zakat payment, what is ZATCA's approach?

* a) No penalty
* b) Charges a penalty fee
* c) Exempts the Zakat obligation
* d) Provides a grace period
* Answer: b) Charges a penalty fee