

Objective-Type Questions and Answers on Financing Activities Guideline

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1. What is Zakat?
   1. A religious obligation in Islam
   2. A form of tax in Saudi Arabia
   3. A financial transaction
   4. None of the above Answer: A
2. Which authority is responsible for levying and collecting Zakat in Saudi Arabia?
   1. Ministry of Finance
   2. General Authority of Zakat & Tax (ZATCA)
   3. Saudi Central Bank (SAMA)
   4. Social Security Organization Answer: B
3. When was the Royal Decree that stipulated Zakat collection issued?
   1. 1370 AH
   2. 1405 AH
   3. 1440 AH
   4. 2021 AD

Answer: A

1. What percentage of Zakat is generally applicable for financing activities in Saudi Arabia?
   1. 1.5%
   2. 2.5%
   3. 3%
   4. 5%

Answer: B



1. What type of assets are considered non-Zakatable?
   1. Cash and cash equivalents
   2. Accounts receivable
   3. Property and equipment
   4. Inventory Answer: C
2. Who are considered Zakat payers under Saudi regulations?
   1. Only individuals
   2. Only companies
   3. Individuals and companies with financial activities
   4. Only residents Answer: C
3. What formula is used to calculate Zakat base for financing activities?
   1. Zakat Base = Zakatable Assets / Total Assets
   2. Zakat Base = Sources of Funds X (Zakatable Assets / Total Assets)
   3. Zakat Base = Net Profit X 2.5%
   4. None of the above Answer: B
4. Which of the following assets is Zakatable?
   1. Property and equipment
   2. Intangible assets
   3. Cash and cash equivalents
   4. Investments in government Sukuk Answer: C



1. What is the minimum limit of the Zakat base if the Zakat payer realizes a net profit?
   1. 2 times net profit
   2. 3 times net profit
   3. 4 times net profit
   4. 8 times net profit Answer: C
2. Under which circumstances is a deemed calculation method used?
   1. When Zakat payer maintains statutory accounts
   2. When Zakat payer fails to file the declaration on time
   3. When Zakat is calculated based on assets only
   4. When the profit margin is less than 2.5% Answer: B
3. What is Al Hawl in Zakat calculation?
   1. One lunar year
   2. One calendar year
   3. Six months
   4. Five years Answer: A
4. Who supervises Zakat declaration submissions in Saudi Arabia?
   1. Zakat and Tax Authority
   2. Ministry of Justice
   3. Saudi Stock Exchange
   4. Saudi Arabian Monetary Authority Answer: A



1. Which formula adjusts Zakat calculation when the fiscal year is not based on the Hijri year?
   1. Adjusted Net Profit X 2.5%
   2. 2.5% / 354 X Number of days in fiscal year
   3. Net Profit - 10%
   4. Zakatable Assets / Total Assets Answer: B
2. Which assets are added to the Zakat base calculation under short-term liabilities?
   1. Non-deductible assets
   2. Deductible assets
   3. Long-term assets
   4. None of the above Answer: B
3. What is the Zakat percentage applied to Zakatable assets for a full lunar year?
   1. 1.5%
   2. 2.5%
   3. 4%
   4. 5%

Answer: B



1. What is a requirement for consolidation of financial statements for Zakat purposes?
   1. The company must be publicly listed
   2. The company must be fully owned by the Zakat payer
   3. The company must have a minimum capital of SAR 1 million
   4. The company must be approved by SAMA Answer: B
2. What is considered an internal source of funds in Zakat calculations?
   1. External borrowings
   2. Equity
   3. Short-term liabilities
   4. Bonds Answer: B
3. What is a positive fair value of derivatives classified as?
   1. Zakatable assets
   2. Non-Zakatable assets
   3. Deductible liability
   4. None of the above Answer: B
4. What are the two main Zakat calculation methods for companies?
   1. Direct and indirect methods
   2. Cash and accrual methods
   3. Debit and credit methods
   4. Zakat and Sadaqah methods Answer: A



1. In case of no net profit, how is the minimum Zakat base determined?
   1. Based on total assets
   2. 10% of gross profit
   3. Adjusted Net Profit
   4. Based on market value Answer: B
2. Which authority issues the guidelines for Zakat calculation?
   1. Saudi Central Bank
   2. Ministry of Commerce
   3. General Authority of Zakat & Tax
   4. Ministry of Finance Answer: C
3. What is the Zakat rate for financing activities when the Zakat year differs from the Hijri year?
   1. Adjusted based on Hijri calendar
   2. Set at 2%
   3. Set at 3%
   4. Fixed at 2.5% Answer: A



1. Which of these funds is not subject to Zakat?
   1. Long-term debt
   2. Short-term liabilities
   3. Internal funds
   4. Shareholders' equity Answer: B
2. In Zakat calculations, what term describes twelve lunar months?
   1. Fiscal period
   2. Gregorian year
   3. Al Hawl
   4. Zakat cycle Answer: C
3. How does ZATCA handle objections from Zakat payers regarding assessments?
   1. Issues a penalty
   2. Accepts objections for review
   3. Rejects all objections
   4. Transfers cases to SAMA Answer: B



1. What is the purpose of calculating a Zakat base?
   1. To determine non-Zakatable assets
   2. To establish taxable income
   3. To calculate Zakat liability
   4. To assess company profitability Answer: C
2. Which method does the Authority use to compute Zakat for financing activities?
   1. Direct method
   2. Altanseeb method
   3. Cash basis
   4. Accrual method Answer: B
3. Which assets are excluded from Zakat calculations?
   1. Current assets
   2. Zakatable assets
   3. Intangible assets
   4. Cash reserves Answer: C
4. Who must file a Zakat declaration under the Rules?
   1. Individuals only
   2. Companies licensed by SAMA
   3. Non-residents
   4. Private entities only Answer: B



1. What document is necessary for determining the Zakat base?
   1. Income statement
   2. Zakat Declaration Form
   3. Tax identification document
   4. Memorandum of Association Answer: B
2. If a Zakat payer has a positive fair value derivative, how is it treated?
   1. As a non-Zakatable asset
   2. As Zakatable income
   3. As a short-term liability
   4. As part of gross profit Answer: A
3. What method of Zakat calculation does not apply to financing entities?
   1. Direct method
   2. Indirect method
   3. Deemed method
   4. Altanseeb method Answer: C
4. What type of reserve is considered an internal fund in Zakat calculations?
   1. Cash reserve
   2. Statutory reserve
   3. Negative fair value reserve
   4. Real estate reserve Answer: B



1. Under the rules, what is a 'non-Zakatable asset'?
   1. Cash holdings
   2. Inventory
   3. Property and equipment
   4. Receivables Answer: C
2. How are short-term loans classified for Zakat purposes?
   1. Zakatable assets
   2. Deductible liabilities
   3. Non-Zakatable assets
   4. Internal funds Answer: B
3. Which of these assets would be included in Zakatable assets?
   1. Long-term fixed assets
   2. Cash in hand
   3. Government bonds
   4. Statutory deposits Answer: B
4. What is required for a consolidated Zakat declaration?
   1. Zakat payer must have statutory accounts
   2. Subsidiaries must be wholly owned



* 1. Parent company approval
  2. Audit report for each entity Answer: B

1. What entity bears Zakat on government-issued Sukuk?
   1. Zakat payer
   2. Saudi Central Bank
   3. The state
   4. Ministry of Finance Answer: C
2. What is the adjusted rate for calculating Zakat over a Gregorian calendar year?
   1. 2.5%
   2. 2.578%
   3. 3%
   4. 1.5%

Answer: B

1. What document contains frequently asked questions about Zakat in Saudi Arabia?
   1. Appendix of the Zakat Guidelines
   2. SAMA Regulatory Document
   3. Saudi Tax Manual
   4. Financial Yearbook Answer: A