

Taxation
Multiple Choice Questions *(30 minutes)*

1. ABC Co. (Private Limited Company) registered its share capital increase of IRR 30 bn. with the Registrar of Companies on 24th April, 2016. Which of the following would be stamp duty for the share capital increase?
 - a. IRR 15 m.
 - b. IRR 30 m.
 - c. IRR 45 m.
 - d. IRR 60 m.

2. A listed company registered its share capital increase of IRR 2,000 bn. – comprising IRR 1,500 bn. debts due to shareholders and IRR 500 bn. cash subscription by shareholders- with Registrar of Companies on 15th May, 2016. Which of the following would be stamp duty for the capital increase?
 - a. Nil.
 - b. IRR 750 m.
 - c. IRR 1,000 m.
 - d. IRR 4,000 m.

3. A non-governmental company rented a building from an individual for IRR 3 bn. for one year (IRR 250 m. per month) on 20TH March, 2016. Which of the following would be the monthly rental tax that the company is obligated to deduct from the rent and pay it to tax authorities?
 - a. IRR 28.125 m.
 - b. IRR 37.5 m.
 - c. IRR 40.625 m.
 - d. IRR 46.875 m.

Taxation
Multiple Choice Questions

4. ABC company remitted a research fee of IRR 100 m. on 29th June, 2016, to an individual who is neither an employee of the Company nor falls subject to retirement or national insurance deductions. Which of the following would be related tax and payment deadline to tax authorities?
- a. IRR 3 m. - 31st July, 2016.
 - b. IRR 10 m. - 22nd July, 2016.
 - c. IRR 3 m. - 22nd July, 2016.
 - d. IRR 10 m. - 22nd August, 2016.
5. A municipality affiliated company remitted a legal fee of IRR 300 m. to a lawyer on 4th August, 2016. Which of the following would be withholding tax and payment deadline to tax authorities?
- a. IRR 30 m. - 22nd August, 2016.
 - b. IRR 15 m. - 22nd September, 2016.
 - c. IRR 30 m. - 14th August, 2016.
 - d. IRR 15 m. - 4th September, 2016.
6. DEF Company remitted an audit fee of IRR 400 m. to an audit firm on 9th March, 2016. Which of the following would be the withholding tax and payment deadline to tax authorities?
- a. IRR 12 m. - 19th April, 2016.
 - b. IRR 20 m. - 19th March, 2016.
 - c. IRR 12 m. - 4th April, 2016.
 - d. There is no obligation for withholding tax deduction and payment.
7. Aggregate income of companies and income from commercial activities of other legal entities derived from different sources in ... after allowing for losses from ... sources and prescribed exemptions, except for items with separate tax rates under Direct Taxation Act, are taxed at 25%.
- a. Iran - exempt.
 - b. Iran or abroad - non- exempt.
 - c. Iran or abroad - exempt.
 - d. Iran - exempt and fixed tax.

Taxation
Multiple Choice Questions

8. For every 10% increase in declared taxable income of those (companies) subject to Article 105 of Direct taxation Act in comparison with their previous year declared taxable income, their tax rate shall be reduced by...
- a. Two percentage points up to a maximum of 10 percentage points.
 - b. Two percentage points up to a maximum of five percentage points.
 - c. One percentage point up to a maximum of 10 percentage points.
 - d. One percentage point up to a maximum of five percentage points.
9. Foreign company and bank branches and representatives in Iran that are not engaged in commercial activities and only engaged in marketing and economic information gathering for their parent (Head Office) company and their expenses are reimbursed by their parents, such reimbursements shall...
- a. be taxed at 12%.
 - b. be taxed at 10%.
 - c. not be taxed.
 - d. be taxed at 5%.
10. Company A with capital of IRR 4,000 bn. was formed by merger of companies B and C with capital of IRR 1,400 bn. and IRR 2,600 bn., respectively, in August 2016. Which of the followings would be company A's stamp duty?
- a. IRR 8 bn.
 - b. IRR 4 bn.
 - c. IRR 2 bn.
 - d. Zero.
11. The tax computation basis for the period immediately before liquidation of an entity would be the value of its assets less... and net profits (taxes previously paid).
- a. Liabilities.
 - b. Paid capital and reserves.
 - c. Shareholders' equity.
 - d. Liabilities, paid capital and reserves.

Taxation
Multiple Choice Questions

12. The declared income of manufacturing and mining activities of a non-governmental company operating in an Industrial Zone located in a less developed region which its exploitation license is issued by relevant Ministries on 20th March, 2016, shall be taxed at zero rate from commissioning for... years.
- a. 13.
 - b. 12.
 - c. 10.
 - d. 7.
13. All Tourism entities who were granted exploitation license by relevant authorities prior to 20^{g^{ht}} March, 2016, shall be exempt from payment of income tax up to ...% for ... years on their declared taxable income as from 20th March, 2016.
- a. 50% - five.
 - b. 100% - four.
 - c. 50% - six.
 - d. 100% - three.
14. Service income of ... non-governmental entities that received exploitation license or permission from relevant authorities on 20th March, 2016, or after are subject to zero tax rate for ... years if located in Special Economic Zones.
- a. hospitals, hotels, transportation and tourist residential centres- five.
 - b. hospitals, hotels and tourist residential centres- seven.
 - c. tourist residential centres and transportation- five.
 - d. transportation, hospitals and hotels- seven.
15. Persons providing cash to manufacturing enterprises for financing its projects, plans and working capital under Islamic Partnership Contracts shall be granted an income tax exemption equal to ... approved by Money and Credit Council. The beneficiary shall not withdraw its cash from the manufacturing company for ... years.
- a. minimum expected interest from partnership contracts- three.
 - b. one year time deposit interest- two.
 - c. minimum expected interest from partnership contracts- two.
 - d. one year time deposit interest- three.

Taxation

Multiple Choice Questions

16. Which of the following items is exempt from income tax and subject to zero tax rate, as the case may be?

	Interest income from Iranian banks	Membership fees earned by authorized professional bodies	Income earned by cooperative companies and Manufacturing Syndicates
a.	exempt	Zero rate	Zero rate
b.	exempt	exempt	Zero rate
c.	Zero rate	exempt	exempt
d.	Zero rate	Zero rate	exempt

17. Under Direct Taxation Act, expenses (before netting off) to be accepted as tax deductible should be settled through banking system. Which of the following is the minimum of such expenses?

- a. IRR 20 m.
- b. IRR 30 m.
- c. IRR 40 m.
- d. IRR 50 m.

18. According to the Direct Taxation Act (2015 Amendment), which of the following shall be tax deductible expense?

	Reduction in value of investments	Provision for after sale services (warranty) of legal entities	Fines allocated to leasing companies licensed by Central Bank
a.	No	Yes	No
b.	Yes	Yes	Yes
c.	No	No	Yes
d.	Yes	No	No

19. Which of the following is *not* Correct according to Direct Taxation Act as Amended in 2015?

- a. Reductions in value of an asset as a result of its revaluation shall not be accepted as tax deductible expense.

Taxation

Multiple Choice Questions

- b. An increase in value of legal entities' assets as a result of revaluation in accordance with (Iranian) Accounting Standards shall not be subject to income tax.
 - c. Depreciation costs of revalued assets in excess of its cost shall not be regarded as a tax deductible expense.
 - d. Upon disposal of a revalued asset, taxable income shall be the sale proceeds less its net book value based on revaluation.
20. According to Direct Taxation Act as Amended in 2015, if a taxpayer does not furnish tax inspectors with its books of accounts, vouchers, documents and records and maintenance equipment, manual/ mechanized, and its manuals and passwords shall, in addition to prescribed fines by Direct Taxation Act, be:
- a. deprived of all tax exemptions on its income from different sources of the year under review.
 - b. deprived of all facilities and reliefs provided by Direct Taxation Act for three years.
 - c. deprived of all reliefs and incentives provided by Direct Taxation Act in that year.
 - d. deprived of all exemptions and reliefs provided by Direct Taxation Act and Value Added Tax Law in that year.
21. Which of the following *is* correct?
- a. Amounts received from taxpayers in excess of applicable VAT shall be reimbursed plus two percent of such reimbursement.
 - b. Goods subject to VAT produced by taxpayer shall be subject to VAT if used as an asset by the taxpayer.
 - c. If taxpayers supply both VAT and non- VAT exempt goods, VAT paid by them on purchase of such goods shall be recorded in taxpayers' accounts.
 - d. Amounts received from taxpayers in excess of applicable VAT shall be reimbursed plus 2.5% per month for the period of deferment, if it is not reimbursed within three months from the date of taxpayers' request.
22. Which of the following is VAT tax point for contractor's services?
- a. Date that contractor's statement is presented to employer.
 - b. Date that employer approves the contractor's statement.
 - c. Date of contractor's statement or date of rendering services, whichever occurs earlier.
 - d. Date of contractor's statement or date that cash is received, whichever occurs earlier.

Taxation
Multiple Choice Questions

23. Which of the following is exempt from VAT?

	<u>Advertisements in newspapers</u>	<u>Processed agricultural products</u>
a.	Yes	No
b.	No	No
c.	Yes	Yes
d.	No	Yes

24. Which of the following proportion of VAT would represent penalty for non-issuance of invoice and failure to provide books of accounts by VAT taxpayer?

- a. 50%
- b. 75%
- c. 100%
- d. 125%

25. According to the State Budget Act, For 2016. transfer of goodwill shall be taxed based on... as at date of transfer by owners or beneficiaries.

- a. amounts received by owners or beneficiaries at the rate of 2%.
- b. ten times the transactional value of the property at the rate of 30%.
- c. amounts received by owners or beneficiaries at the rate of 5%.
- d. five times the transactional value of the property at the rate of 20%.