



Chapter 1-5 income tax mc

Theory of Accounts Integration 2 (Cordillera Career Development College)

CHAPTER 1: INTRODUCTION TO TAXATION

MULTIPLE CHOICE-theories

1. The point at which tax is levied is also called- **Impact of Taxation**
2. Which of the following inappropriately describes the nature of taxation- **Generally for public**
3. Which is correct? **The President of the Philippines can change tariff or impost without the necessity of calling the congress to pass a law for that purpose**
4. A. The power to tax includes the power to exempt; B. The power to license includes the power to tax. Which is true? **A only**
5. International double taxation can be mitigated by any of the following, except- **Entering into treaties to form regional trade blockage against the rest of the world**
6. Which is not an object of taxation- **Public properties**
7. That courts cannot issue injunction against the government's effort to collect taxes is justified by- **the lifeblood doctrine**
8. The power to enforce proportional contribution from the people for the support of government is- **Taxation**
9. This theory underscores that taxes are indispensable to the existence of the state is- **The lifeblood doctrine**
10. A. Taxation is the rule, exception is the exemption; B. Vague taxation laws are interpreted liberally in favour of the government. Which is false? **Both A and B**
11. Select the Incorrect statement- **Tax statutes are construed against the government in case of doubt**
12. Which is not a public purpose? **None of these**
13. Which does not properly the scope of taxation? **Unlimited**
14. All of these are secondary purpose of taxation except- **To raise revenue for the support of the government**
15. What is theory of taxation? **Necessity**
16. A. Taxes should not operate retrospectively; B. Tax is generally for public purpose. Which is true? **Neither A nor B**
17. Which provision of the constitution is double taxation believed to violate? **Either A or C**
18. Which limitation of taxation is the concept of "situs of taxation" based? **Territoriality**
19. Which tax exemption is irrevocable? **Both and B**
20. Which statement is incorrect? **Only those who are able to pay tax can enjoy the privileges and protection of the government**
21. Which is the most incorrect statement regarding taxes? **There should be personal benefit enjoyed from the government before one is required to pay tax**
22. Statement 1: In the selection of the objects of taxation, the courts have no power to inquire into the wisdom, objectivity, motive, expediency, or necessity of a tax law; Statement 2: An imposition can be both a tax and a regulation. Taxes may be levied to provide means for rehabilitation and stabilization of threatened industry. Which is correct? **Both statements**
23. Which of the following acts in taxation is administrative by nature? **Levy or distraint of taxpayer's property for tax delinquency.**
24. This refers to the privilege or immunity from a tax burden which others are subject to- **Tax holiday**

25. Statement 1: The benefit received theory presupposes that some taxpayer within the territorial jurisdiction of the Philippines will be exempted from paying tax so long as they do not receive benefits from the government; Statement 2: The ability to pay theory suggests that some taxpayers may be exempted from tax provided they do not have ability to pay the same- **Only statement 2**
26. Which is not a legislative act? **Assessment of the tax**
27. Statement 1: Taxation is the rule; exemption is the exception; Statement 2: Taxation may be used to implement the police power of the state-**I and II are true**
28. Which of the following powers of the commissioner of internal revenue cannot be delegated? **The power to reverse a ruling of the bureau of internal revenue**
29. When exemption from a tax imposition is silent or not clearly stated, which is true? **Taxation applies since exemptions are constructed against the taxpayer**
30. What is the basis of taxation? **Reciprocal duties of support and protection**
31. When the provisions of tax law are silent as to the taxability of an item, which is true? **Taxation applies due to the lifeblood doctrine**
32. Which of the following statements does not support the principle that tax is not subject to compensation or set-off? **Absence of benefit from the government**
33. Which is not legally tenable in refusing to pay tax? **Absence of benefit from the government**
34. **What is primary purpose of taxation? To raise revenue**
35. The constitutional exemption of religious or charitable institutions refers only to- **Real property tax**
36. The agreement among nations to lessen tax burden of their respective subjects is called- **International Comity**
37. An educational institution operated by a religious organization was being required by a local government to pay real property tax. Is the assessment valid? **Yes, with respect to properties not actually devoted to educational purposes**
38. Which is not a constitutional limitation? **No tax law shall be passed without the concurrence of a majority of all members in congress**
39. Which of the following is not an inherent limitations of the power to tax- **Tax laws shall be uniform and equitable**
40. The following are inherent limitations to the power taxation except one. Choose the exception- **Non-appropriation for religious purposes**
41. That all taxable articles or properties of the same class shall be taxed at the same rate underscores- **Uniformity in taxation**
42. The following are limitations of taxations: A. Territoriality of taxation; B. Exemption of the government- **A and B**
43. The provisions in the constitution regarding taxation are- **Limitations and the power of tax**
44. The constitutional exemption of non-stock, non-profit educational institutions refers to- **Income tax**
45. Which of the following is violative of the principle of non-delegation? **Allowing the secretary of finance and the BIR to issue regulation or rulings which go beyond the scope of a tax law**
46. Which of the following violates constitutional provisions? **Imposition of license for the sale of religious literature**

47. In order to phase-out a huge deficit, the president of the Philippines passed a law offering all taxpayers with previous tax delinquency to pay a minimum tax in exchange for relief from tax assessments in the period of delinquency. Is this a valid exercise of taxation power? **No, Because the power of taxation is non-delegated**
48. Concerned with increasing unemployment rates in the country, the president of the Philippines encouraged the Philippine senate to pass a law granting special tax privileges to foreign investors who will establish business in the country. The senate accordingly drafted the bill and passed to congress for approval. Is this valid exercise of taxation power? **No. Tax bills shall originate from the house of representatives**
49. Ram is the only practicing lung transplant specialist in Baguio City. The City Government of Baguio passed a local ordinance subjecting the practice of lung transplant by 2% tax based on receipts. Ram objected claiming that other transplant specialists in other regions of the country are not subjected to tax. - **No, because the ordinance would cover all transplant specialist who would practice in Baguio City. The uniformity rule would not be violated**
50. With the country under incessant shortage of sugar, the Philippine congress, enacted a law providing tax exemptions and incentives to cane farmers without at the same time granting tax exemptions to rice farmers who produce the staple food of the Philippines. Is the new law valid? **Yes, since there is a valid classification of the taxpayers who would be exempted from tax.**
51. Congress passed a law subjecting government-owned and controlled corporations (GOCCs) to income tax. Is the law valid? **Yes, because GOCCs are not government agencies and are essentially commercial in nature**
52. Which of the following is not a constitutional limitation of the power to tax? **Non-delegation of police power**
53. The Philippine congress enacted a law requiring foreign banks to withhold taxes earned by Filipino residents in their country and to remit the same to the Philippines government. Is this valid exercise of taxation power? **No, as this leads to encroachments of foreign sovereignty**
54. Which of the following normally pays real property tax? **AM property Holdings, a registered property development company**
55. Tax exemption bills are approved by- **Majority of all members of congress**
56. The Japanese government invested P100,000,000 in a Philippine local bank and earned P10,000,000 interest. Which is correct? **The income exempt due to international comity**
57. When a legislative body taxes persons and property, rights and privileges under the same taxable category at the same rate, this is referred to as compliance with the constitutional limitation of- **Uniformity**
58. Which is not a legislative act? **Assessment of the tax**
59. The inherent powers of the state are similar in the following respect, except: **All are not exercised by private entities**
60. Which is mandatorily observed in the implementing police power? **Public interest**
61. Which is considered in the exercise of eminent domain? **Both A and B**
62. The general power to enact laws to protect the well-being of the people is called- **Police power**
63. Which of the following entities will least likely exercise the power of eminent domain? **Transportation operators**
64. In exercising taxation, the government need not consider- **Constitutional limitations**
65. Licensing of business or profession is an exercise of- **Police power**

66. Select the correct statement- **Taxation power shall be exercised by congress even without an express constitutional grant.**
67. Which is principally limited by the requirement of due process? **Police power**
68. Statement 1: Congress can exercise the power of taxation even without constitutional delegation of the power tax; Statement 2: Only the legislature can exercise the power of taxation, eminent domain, and police power- **Statements 1 and 2**
69. Which power of the state affects the least number of people? **Eminent domain**
70. Select the correct statement- **The police power of the state is superior to the non-impairment clause of the constitution**
71. Which of the following is not exercised by the government? **Exploitation**
72. Select the incorrect statement- **Since there is compensation, eminent domain raises money for the government**
73. The following statements reflect the differences among the inherent powers except: -**Eminent domain and police power do not require constitutional grant, but taxation, being a formidable power, requires constitutional grant.**
74. Statement 1: The taxation power can be used to destroy if the law is valid; Statement 2: A tax law which destroys thing, business, or enterprises for the purpose of raising revenue is an invalid tax law. Which is correct? **Neither statement**
75. Select the correct statement- **the power to tax includes the power to destroy**
76. Which of the following powers inherent or co-existed with the creation of the government- **All of these**
77. Which of the following is not an inherent limitation of the power to tax? **Tax law shall be uniform and equitable**
78. Select the incorrect statement- **Taxes should be collected only for public improvement**
79. Which of the following is not a constitutional limitation of the power to tax? **Non-delegation of the taxing power**
80. Which of the powers of the state is the most superior? Which is regarded as the most important? **Police power; Taxation**

CHAPTER 2: TAXES, TAX LAWS, AND TAX ADMINISTRATION

MULTIPLE CHOICE-THEORIES

1. When tax is collected upon someone who is effectively reimbursed by another, the tax is regarded as- **Indirect**
2. All are valorem taxes, except one. Select the exception- **Poll tax**
3. Taxation power can be used to destroy- **As an implement of police power**
4. Which is not a characteristic of tax? **It is subject to assignment**
5. Which of the following is a local tax? **Real property tax**
6. Which is not a source of tax law? **CHED regulations**
7. Tax as to purpose is classified as- **Fiscal or regulatory**
8. Tax as to incidence is classified as- **Direct or indirect tax**
9. Tax as to source is classified as- **National or local tax**
10. Which is not a nature of tax? **Generally payable in kind**
11. Taxes that cannot be shifted by the statutory taxpayer are referred to as- **direct taxes**
12. Which is a local tax? **Professional tax**
13. As to subject matter, taxes do not include- **Regulatory tax**
14. A tax that is imposed upon the performance of an act, the enjoyment of a privilege or the engagement in a profession is known as- **Excise tax**
15. Which is national tax? **Income tax**
16. Which of the following distinguishes license from tax? **Pre-activity in applicant**
17. Which is correct? **Special assessment applies only when public improvement is made**
18. Tax as to determination of amount is classified as- **Specific or ad valorem tax**
19. Tax classification as to object do not include- **Regulatory tax**
20. A. Tax must not violate constitutional and inherent limitation; B. Tax must be uniform and equitable; C. tax must be for public purpose; D. Tax must be levied by the law making body; E. Tax must be proportionate in character; F. Tax is generally payable in money. Which of the above is/are not essential characteristic of a valid tax? **None of the above**
21. To limit the production of an environmentally harmful commodity, Congress passed a law subjecting the sales of an environmentally unfriendly commodity to a P10/kilo tax but a 5% tax is imposed on sales exceeding P100,000- **This is a local tax**
22. Which is not an excise tax? **Community tax**
23. Which is an indirect tax? **Value added tax**
24. Which is not an ad valorem tax? **Excise tax on cigar**
25. A tax that is imposed based on per unit or per head basis is known as- **Specific tax**
26. Tax as to rates excludes- **Specific tax**
27. Mr. A has a tax obligation to the government amounting to P80,000. Since he is leaving the country, he entered into a contract with Mr. B wherein Mr. B shall pay the P80,000 tax in his behalf. On due date, Mr. B failed to pay the tax. The BIR sent a letter of demand to Mr. A which is refused to pay. Which of the following statement is correct? The government shall force Mr. A to pay because taxes are **non-assignable**
28. Philippine tax laws are, by nature- **Civil**
29. Motor vehicles tax is an example of- **Privilege tax**
30. Which of the following statements is correct? **An ex post facto tax law violates the constitution**

31. Tax rulings are issued by the- **Commissioner of internal revenue**
32. Which of the following is limited in application? **BIR ruling**
33. Which is not a source of tax law? **Opinions of tax experts**
34. Which issues revenues regulation? **Department of finance**
35. Which is not an element of tax? **It must be progressive by nature**
36. Tax as to purpose does not include- **Poll**
37. When the impact and the incidence of taxation are merged into the statutory taxpayer, the tax is known as- **Direct tax**
38. Tax as to object includes- **All of these**
39. Which is not an indirect tax? **Personal tax**
40. A tax that cannot be avoided is- **Direct tax**
41. Statement 1: Taxes are voluntary contributions to the government; Statement 2: Taxes are mandatory contributions to the government. Which is correct? **Only statement 2 is correct**
42. Which is an indirect tax? **Other percentage tax**
43. Income tax is not a/an- **Property tax**
44. Transfer tax is not a/an- **Regressive tax**
45. Which of the following levy is fiscal or revenue by nature? **Tax law intended to protect local industries**
46. Which is not an excise tax? **Income tax**
47. Which of the following do not relate to tax? **Intended to cover cost of regulations**
48. A levy from a property which derives some special benefit from public improvement is- **Special assessment**
49. A. Government revenue may come from tax, license, toll and penalties; B. Penalty may arise either from law or contracts. Which is false? **Neither A nor B**
50. What distinguishes tax from license? **Tax is a post-activity imposition**
51. Which of the following distinguishes license from tax? **It is a charge for other's property**
52. The amount imposed is based on the value of the property- **Toll**
53. Which is intended to regulate conduct? **Penalty**
54. Toll exhibits all the following characteristics, except one. Which is the exception? **Levied for the support of the government**
55. Which of the following is incorrect? **Tax is the sole source of government revenue**
56. Debt is compared to tax- **It will not cause imprisonment when not paid**
57. Select the incorrect statement- **Special assessment can be imposed on building and other real right attaching or pertaining to land**
58. Tax as to subject matter does not include- **Regulatory tax**
59. What distinguishes debt from tax? **Generally payable in money**
60. The commissioner of internal revenue is not authorized to-**Promulgate revenue regulation**
61. Which is not a power of the commissioner of internal revenue? **To prescribe assessed value of real properties**
62. The principles of a sound tax system exclude- **Economic efficiency**
63. Which of the following best describes the effect of tax condonation? **It is only covers the unpaid balance of a tax liability**
64. Which is not an application of a principle of a sound tax system? **None of these**
65. By which principle of a sound tax system is the elasticity in tax rates is justified? **Fiscal adequacy**

66. Violation of this principle will make a tax law invalid- **Theoretical justice**
67. Which of the following is not an application of the lifeblood doctrine? **None of these**
68. Which one of the following is the BIR not empowered to do? **Assess and collect local taxes**
69. Which principle demands that tax should be just, reasonable, and fair? **Theoretical justice**
70. Which among the following powers of the commissioner of internal revenue can be delegated?
The power to conduct inventory surveillance
71. The commissioner of internal revenue is not empowered to- **Grant amnesty for erring taxpayers**
72. Which is true with tax amnesty? **It covers both criminal and civil liability of the taxpayers**
73. Which of the following may tax exemption come from? **All of these**
74. Exemption based upon which of the following is repealable? **Law**
75. Select the income statement regarding tax amnesty and condonation- **Tax condonation operates on the whole balance of the assessed tax; hence, the taxpayer can ask for refund for the paid portion of the tax**
76. Which of the following is a power of the commissioner of internal revenue? **Interpretation of the provisions of the NIRC**
77. The commissioner of internal revenue can delegate the power to- **Refund or credit internal revenue tax**
78. The BIR is under the supervision of- **The department of finance**
79. Who is not a large taxpayer? **None of these**
80. In terms of financial measures, which of the following threshold for qualification as large taxpayers is incorrect? **Gross sales exceeding P1.5B**
81. As to tax payments measures, which of the following threshold for qualification as large taxpayers is incorrect? **Annual value added tax payment of 1M**

CHAPTER 3: INTRODUCTION TO INCOME TAXATION

MULTIPLE CHOICE-THEORIES

1. Which is not a requisite of gross income? **Exempted by law**
2. Which is taxable item of income? **Interest on moral damages**
3. Which is not subject to income tax? **Donation**
4. The total consideration received from the sale of service constitute- **Return on capital**
5. When paid for, which of the following items may involve a return on capital? **House and Lot**
6. The total consideration received from the sale of goods at a gain represents- **Both a (return on capital) and b (return of capital)**
7. The total consideration received from the sale of goods at a loss represents- **Return of capital**
8. Whys is income subject to taxation? **Income is the best measure of taxpayer's ability to pay tax**
9. Which is not an item of gross income because of the absence of an undertaking from the taxpayer? **Forgiveness of indebtedness as an act of gratuity**
10. Which is subject to income tax? **Excess proceeds over the premiums paid received by the taxpayer**
11. Which of the following is exempted from income taxation because of the absence of ability to pay- **Unrealized income from investments**

12. Income tax may be imposed for the following purposes except- **To provide large amounts of revenues**
13. Which of the following constitutes taxable income? **Proceeds of crop insurance**
14. Which of the following is not a constructive receipt of income? **Cash salary of an employee**
15. Transfers for insufficient consideration is subject to – **Transfer tax**
16. Which is specifically exempted from income taxation by virtue of legal exemption? **Minimum wage, Gain on sale of prohibited drugs, unrealized gain- All of these**
17. A resident alien naturalized in accordance with the Philippine laws is a – **Resident Citizen**
18. Who is not a resident alien? **An alien who married and stayed in the Philippines for one year**
19. Which taxpayer is not a natural person? **Taxable estate**
20. A Filipino who has been abroad for more than 183 days is classified as a- Non-resident citizen
21. Which of the following is not an income taxpayer classification? **General professional partnership**
22. An American who showed proof to the satisfaction of Commissioner of Internal Revenue of his intention to stay in the Philippines as an immigrant is classified as- **Resident Alien**
23. A Japanese who is staying in the Philippines for 183 days is a- **Non-resident alien engaged in trade or business**
24. A Canadian who is staying in the Philippines for more than one year is a- **Resident Alien**
25. An alien who stayed less than one year in the Philippines is classified as non-resident alien not engaged in trade or business if he stayed herein for less than- **180 days**
26. A corporation incorporated according to the Philippines laws is a- **Domestic Corporation**
27. A foreign corporation which is not authorized to conduct business in the Philippines is a- **Non-resident corporation**
28. A foreign corporation which operates a branch in the Philippines is a- **Resident corporation**
29. A partnership which dominantly operates business abroad is a - **Domestic corporation**
30. Which is required to pay income tax? **Business partnership**
31. Which is not an income taxpayer? **Joint venture engaged in energy operation pursuant to a service contract with the government**
32. Which of the following taxpayers is taxable only on income earned from the Philippines? **Resident Corporation**
33. Which of the following are taxable only on income earned from sources within the Philippines, except – **Domestic corporation**
34. Which is taxable on world income? **Resident citizen**
35. The place of taxation is- **Situs**
36. Which is an incorrect statement regarding situs of income? **Service income is earned in the domicile of the taxpayer**
37. Which statement is correct regarding situs of income? **The gain on the sale of real property is earned in the location of the property**
38. Pedro, a non-resident citizen, lent money to Shino, a resident Chinese. The indebtedness was collateralized by a property located in Japan. The interest income is earned in – **China**
39. Gains on the sale of goods manufactured and sold by the taxpayer within the Philippines is subject to tax- **within the Philippines only**

40. Yvonne, a resident alien bought a car manufactured in the Philippines exported the same at gain to Carla, a non-resident citizen. Which is correct? **The gain is taxable abroad because it is sold abroad**
41. Juan, a resident alien, Pedro, a non-resident alien, executed a contract of sale in Japan whereby Pedro shall purchase the lot owned by Juan in the Philippines. Juan gains P1, 000,000 in exchange. Which is true? **The gain is subject to the Philippine tax because the property is in the Philippines**

CHAPTER 4: INCOME TAX SCHEMES, ACCOUNTING PERIODS, METHODS AND REPORTING

MULTIPLE CHOICES- theories

1. Which is not a scheme in taxing income? **Ordinary gain taxation**
2. Which is correct statement regarding income taxes- **An item of income exempted from tax is likewise exempt from capital gains tax and regular income tax**
3. Which is not a feature of final tax? **Covers all capital gains**
4. Which of the following properties when classified as capital asset is subject to capital gains tax? **Both A (Domestic stocks sold directly to buyer) or B (Real property)**
5. Capital asset means- **any property, real or personal, not used in business**
6. Which is not an item of passive income? **Professional income**
7. Which of the following accounting methods is most consistent with the lifeblood doctrine? **Accrual method**
8. These are accounting techniques or conventions used to measure income- **Accounting methods**
9. These re distinct and equal time periods over which income is measured- **accounting periods**
10. Income is recognized when received rather than when earned- **Cash basis**
11. Income is recognized when earned regardless of when received- **Accrual basis**
12. Initial payment means- **Downpayment**
13. Income is reported by reference to the extent of project completion in- **Percentage of completion method**
14. Which statement is correct? **Dealers of real properties can use the instalment method without limitations**
15. Leasehold income is recognized over the lease term in- **Spread-out method**
16. Statement 1: the excess of mortgage assumed by the buyer over the basis of the properties sold is the amount of the gain on the sale; Statement 2: any collection from an instalment contract where the mortgage exceeds the tax basis of the properties received constitutes collection of income. Which is true? **Statement 2 only**
17. Which is correct regarding the crop year method? **Crop year method matches cropping expense with the income upon harvest**
18. Which is incorrect statement regarding the use of accounting period? **Individuals can either choose the calendar year or fiscal year accounting period**
19. Under which of the following will short accounting period not arise? **Change of accounting period by an individual taxpayer**

20. Which is not a special feature of regular income taxation? Final withholding tax at source
21. An individual taxpayer shall file his or her income tax return on or before the- **15th day of the fourth month of the following calendar year**
22. Anderson died on March 31, 2017. Which is correct statement? **Anderson's 2017 income tax return shall cover January 1, 2017 to March 31, 2017**
23. Mrs. Julian started business on July 15, 2016. What should be the coverage of her 2016 income tax return?- **July 15, 2016 to December 31, 2016**
24. A corporation reporting on a fiscal year ending every March 31 shall file its 2017 income tax return not later than- **July 15, 2017**
25. Metersbonwe Corporation started business on April 5, 2016 and opted to report income tax on a fiscal year ending every October 31. Metersbonwe's first income tax return shall cover- **April 5, 2016- October 31, 2016**
26. Beneco Corporation reports on a calendar year. On August 15, 2016, its stopped business due to persistent losses. Beneco Corporations last income tax return shall cover- **January 1 to august 15, 2016**
27. Effective March 1, 2017, Jonah, Inc. changed its calendar year to a fiscal year ending every June 30. An adjustment return shall be filled covering the period- January 1 to June 30, 2017
28. During 2017, Klein Corporation Changed its accounting period to the calendar year. The adjustment return shall be filed on or before- **April 15, 2018**
29. Effective July 2, 2016, Rofelson Company changed its fiscal year ending every March 31 to another fiscal year ending August 31. An adjustment return shall be filed covering the period- **April 1 to August 31, 2016**
30. Effective May 15, 2017, Tabuk Inc. changed its fiscal year ending every April 30 to the calendar year. An adjustment return shall be filled covering the period- **May 1 to December 31, 2017**

CHAPTER 5: FINAL INCOME TAXATION

MULTIPLE CHOICE-THEORIES

1. Which is correct with regard to final income taxation? **Taxpayers need not file an income tax return**
2. Which statement is correct regarding final income tax? **Final tax applies only on certain passive income earned with the Philippines**
3. Interest income from which of the following sources is subject to final income tax? **Money market placements**
4. The final tax does not apply to interest on(select the best answer)- **Promissory notes**
5. The exemption on final tax on interest from long term deposit is not applicable to- **Corporations**
6. Which interest income is not subject to any income tax? **Imputed interest**
7. The final tax rates on pre-termination of long-term deposit is not relevant to –**any corporations**
8. Which of the following is subject to 7 ½ % final tax on interest from foreign currency deposit made with Philippine banks- **Resident Alien**

9. The following are subject to final tax on all income from sources within the Philippines. Which is the exception? **Non-resident alien engaged in trade or business**
10. The interest income from long-term peso deposits made with foreign banks is- **subject to regular tax**
11. What is the final tax on interest income on 6-year deposit pre-terminated less than 2 years before maturity- **5%**
12. Which of the following recipients is exempt from final tax on dividends? **Resident Corporation**
13. A dividend declared in 2015 is subject to a final tax of – **10%**
14. Dividends declared by a resident corporation is- **subject to regular income tax**
15. Between the date of declaration and the date of record, BCD, Inc. sold an investment representing stock of ABC, Inc. a domestic corporation. Which statement is correct? **ABC, Inc. shall withhold 10% dividend tax if buyer of the sale is an individual**
16. Which is covered by final tax? **Share in the net income of a joint venture**
17. Which is not subject to 20% final tax? **Royalties from musical composition**
18. Which is not subject to 10% final tax? **Royalties from a business trademark**
19. Which of the following is taxable? **Prize from dance competition abroad**
20. Which winning is taxable to a final tax? Winnings exceeding P10,000; Winnings not exceeding P10,000; Winnings from illegal gambling- **All of these**
21. Prizes from sources abroad is subject to final tax- **under no circumstances**
22. The following winnings are exempt from tax, except one. Which is the exception? **All of these**
23. Which of the following is exempt from final tax? **Interest income earned by a bank from lending activities**
24. Dividend income from domestic corporation is subject to final tax effective- **1998**
25. Prizes arising from sources within the Philippines may be- **exempt or subject to final tax or regular tax**
26. Any royalties earned abroad by a non-resident corporation is- **not subject to Philippine income tax**
27. The winnings of a resident alien from abroad is- **not subject to Philippine income tax**
28. Royalty income of a domestic corporation from abroad is- **subject to regular tax**
29. Winnings from PCSO are- **subject to regular tax**
30. The final tax rates on passive income are generally similar to the following taxpayers, except one- **Non-resident corporation**
31. The tax informer's reward may be granted to- **Relatives of government employees beyond 6th degree of consanguinity**
32. Which is not subject to final tax? **Fringe benefits of rank and file employees**
33. Which of the following is exempt from final tax? **Dividends from a foreign corporation**

