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Question: In 2014, Mr. Pacino was employed as account officer in a non-...

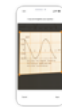
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In 2014, Mr. Pacino was employed as account officer in a non-life insurance company. He received P8,000 basic monthly salary. In addition, he gets 5% of gross premium as commission on policies issued under his account. In 2014, gross premiums under his account totaled P4.2 million. He is likewise entitled to representation allowance of P1,000 a month.

1. How much is to be included as gross income in 2014?
- a. P96,000 b. P306,000 c. P318,000 d. exempt

Mr. Buscemi, the Treasurer of Apollo Corp., receives P25,000 basic salary a month. For being one of the five members of the board of the same corporation, he, in addition, receives P15,000 a month. In December 2014, he received his 13th month pay of P40,000 and productivity incentive of P150,000.

2. Mr. Buscemi's gross income in 2014 is
- a. P480,000 b. P520,000 c. P670,000 d. P640,000

Julia R., an employee, has the following details relative to her employment in 2014:

- She consulted the company physician due to headache. Had she consulted another physician, she would have been charged P300 as consultation fee.
- She received cash from a customer for her efficient service, P5,000. She failed to account for it to her employer.
- She claimed for the monetized value of her unused leave credits for 8 days. Her daily basic salary is P300.

3. How much is to be considered as compensation income?
- a. P5,000 b. P7,400 c. P7,700 d. P5,600

Richard G., received the following benefits from his employer in December 2014.

Thirteenth month pay	P50,000
Christmas bonus	10,000
Productivity incentives pay	16,000

4. The taxable compensation income is
- a. P76,000 b. P46,000 c. P16,000 d. P2,000

Mr. Arnold S. was injured in a vehicular accident in 2013. He incurred and paid medical expenses of P40,000 and legal fees of P20,000 during the year. In 2014, he received P140,000 as settlement from the insurance company which insured the car owned by the other party involved in the accident.

5. From the above payments and transactions, the amount of taxable income to Mr. S. in 2014 is
- a. zero b. P80,000 c. P140,000 d. P100,000

Veteran Poultry employs the cash basis of accounting for its poultry business. For the taxable year 2014, it has the following data:

Cash sales on livestock raised	P500,000
Sales of livestock purchased	250,000
Cost of sales	300,000
Other income	100,000

6. The gross income in 2014 is
- a. P550,000 b. P450,000 c. P750,000 d. P850,000

Cameron D., a sole proprietor, has the following data in 2014, its first year of merchandising:

Gross sales	P300,000
Cost of goods sold	150,000
Other income	50,000
Selling expenses	20,000
Depreciation expense	4,000

7. How much is Cameron's gross income?
- a. P300,000 b. P150,000 c. P200,000 d. P224,000



2014 consists of P15,000 basic salary a month, 15 month pay based on basic salary plus P25,000 bonus. As royalties, she received P113,000 for the book she wrote; and P80,000 for her property that is planted with pineapples.

8. The amount to be included as gross income in 2014 is
- a. P717,000 b. P747,000 c. P604,000 d. P524,000

Mr. Ricky M. was insured under an endowment policy with a value of P1,000,000. Total premiums paid by him during the term of premium payments on the policy was P980,000, from which there was a return of premiums of P80,000. At the maturity of the policy in 2014, Mr. M. received P1,000,000.

9. The income of Mr. M. under the policy is
- a. zero b. P1,000,000 c. P20,000 d. P100,000

Ms. Ashley J. is an employee in a firm which gives fringe benefits to its rank-and-file employees. In a retirement benefit plan, contributory on the part of both the employer and employees, but not registered with the Bureau of Internal Revenue, Ms. J. had the following data on the retirement pay she received in 2014:

Contributions by the employer	P120,000
Contributions by Ms. J.	30,000
Interest income of the fund on the above contributions	10,000
Total amount received	<u>P160,000</u>

10. The gross income of Ms. J. is
- a. zero b. P160,000 c. P120,000 d. P130,000

In the 2014 records of taxpayer Jennifer L., the following items relate to the different policies she obtained:

Received by the taxpayer under policies:	
Proceeds of life insurance (as beneficiary of mother)	P 800,000
Proceeds of life insurance (as beneficiary of father)	1,200,000
Insurance purchased from the father at cost to taxpayer of	400,000
Additional premiums paid by the taxpayer to continue the policy	100,000
Amount received upon the death of the father	1,000,000
Proceeds of endowment policy, upon maturity, with premium payments made of P1,600,000	2,000,000
Proceeds of comprehensive car insurance	200,000
Crop insurance, from crop destroyed by typhoon	100,000

11. The income from the amounts received is:
- a. P4,600,000 b. P1,000,000 c. P1,200,000 d. P100,000

The following are recoveries in 2014 of bad debt previously written off by Patrick S., the taxpayer:

- No. 1: P40,000 from accounts written off in a year which had a net income of P400,000 before write-off (write-off for the year was P40,000);
- No. 2: P10,000 from accounts written off in a year which had a net loss before write off of P72,000 (write-off for the year was P10,000);
- No. 3: P20,000 from accounts written off in a year which had a net income of P16,000 before write-off and a write-off for P24,000.

12. The income from the bad debt recovery is
- a. P70,000 b. P40,000 c. P52,000 d. P60,000

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Expert Answer



Anonymous answered this
282 answers

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1. The correct option is 318000 (third option). Below is the working:

Representation allowance = $1000 * 12 = 12000$

Total Gross Income = $96000 + 210000 + 12000 = P 318000$

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Up next for you in Accounting

Ms. Brenda Fisher has been employed for many years as a computer technician in Vancouver, British Columbia. Her employer is a large

[See answer](#)

Q) Compute the taxable income of Mr. Yaqub for a one tax year who has provided the following income (determined as per tax rules) and other information. During the

[See answer](#)

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Q: 11. Overtime pay and night shift differential are not subject to tax. 12. In addition to rent, other considerations which the lessee may pay third parties such as interest, taxes, dividends and insurance premiums are taxable to the lessee. 13. Income of any kind, to the extent required by any treaty obligation binding upon the Government of the Philippines, are exempt from income...

A: [See answer](#)

Q: 21. Which of the following is a difference between the direct and indirect methods of preparing a Statement of Cash Flows? A. The direct method is acceptable under generally accepted accounting principles (GAAP) in the US and the indirect method is not B. The direct method includes operating, investing and financing sections whereas the indirect method only includes operating and...

A: [See answer](#) 100% (1 rating)

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