YOU WILL:  
- test your new knowledge about business tax

YOU WILL NEED:  
- Answer Sheet: Quick quiz – Business taxes

QUICK QUIZ: BUSINESS TAX

After you’ve finished all the topics in the module, Business tax, you can take an individual quiz to see if you’re a tax expert. There are 25 questions in this activity. Choose ONE answer for each multiple choice question.

1. A business is defined as an activity where:
   - goods are sold from a store or online
   - services like lawn mowing are carried out
   - a person sets up an activity to sell goods or services to make a profit
   - two partners set up a business to repair motor vehicles.

2. Peta runs a plumbing business called Peta’s Plumbing in the local area. She has a truck and equipment, and buys materials as she needs them. She is classified as a sole trader because she:
   - is the owner and manager of the business
   - is the owner of the business
   - trades under her own name
   - does not have any partners or other shareholders.

3. Olena and Alfonso run a Spanish restaurant as a partnership. He does the cooking and she takes care of front of house. Their partnership agreement splits profits 60/40. They would pay income tax at:
   - the company tax rate
   - personal tax rates
   - partnership tax rates
   - company income tax rates.

4. At the end of June, Olena and Alfonso have to submit a business activity statement for the business. The activity statement contains information on:
   - pay as you go (PAYG) withholding
   - GST collected on sales, both cash and credit
   - GST paid out on purchases
   - all of the above.

5. Quik Chicken is a business that sells takeaway food. It has an Australian business number (ABN). The ABN will not be used when: Choose one
   - calculating income tax for the company
   - preparing a business activity statement
   - claiming GST credits
   - identifying the business to other businesses when invoicing for goods.

6. Sarah, who is the owner of a business, is unsure what the PAYG withholding system is all about. It relates to:
   - partnerships
   - companies
   - trusts
   - employees.
7. Sarah gives her sales representatives the use of a motor vehicle for work purposes. They can use it for private use outside work hours. The tax payable on this is called:
- goods and services tax (payable at a rate of 10%)
- company tax (payable at a rate of 27.5%)
- fringe benefits tax
- capital gains tax.

8. A registered company has owned a vacant warehouse for three years. The manager decides to sell it because property prices are high and the company can make a good profit on the sale. He has read that a discount is available on the capital gains tax amount if the asset has been owned for more than one year. The amount of the discount for a company is:
- 0%
- 20%
- 33.33%
- 50%

9. Companies have to pay tax on their taxable income. This type of tax is a: Choose one
- regressive tax
- proportional tax
- flat tax
- progressive tax.

10. Peta’s Plumbing does bathroom and toilet renovations as well as normal plumbing jobs. The business is registered for GST. A client gets a shower recess installed. The shower recess costs Peta $500 to buy, plus GST of $50. The final cost to the client is $1,200, plus GST of $120. The net amount of GST that Peta’s Plumbing is required to pass on to the ATO will be:
- $170
- $70
- $50
- $700

11. A business which is just starting off is preparing its sales invoice template. The invoice must include the following information:
- date and amount of the purchase, and date the invoice was prepared
- name and ABN of the business
- date of the transaction and details of what is sold
- all of the above information.

12. Brett and Vijay are considering setting up a cricket coaching school going around to local cricket clubs. They will both work in the business on a part-time basis. The business will sell some cricket gear to customers and clubs at a discounted price. They decide to set up as a partnership as they have both contributed equal amounts of capital and will work equal hours. The profits will be shared equally. They wonder how they will do a tax return at the end of the year. The answer is that they will have to pay tax:
- at a flat rate of 27.5%
- only if they make a satisfactory profit
- at personal income tax rates
- on the profits from the coaching side of the business.

13. The cricket coaching school set up by Brett and Vijay will have an estimated sales revenue of $74,000 per year. They are unsure of whether they need to register for GST. The advantage of registering for GST is that the business can:
- claim GST credits on goods and services used in the business
- pay a lower rate of GST
- be on a stronger legal footing and be protected from creditors
- get an ABN.

14. A business wishes to calculate the amount of net tax payable or refund it is due at the end of the financial year. This amount is the balance of:
- all income less tax credits and tax offsets
- assessable income less allowable deductions
- assessable income less tax credits and tax offsets
- tax on taxable income less tax credits and tax offsets.
15. The date by which all Australian companies have to lodge their tax return and pay income tax debts is:
   - June 30 each year
   - varied according to the nature and size of the company
   - December 31 each year
   - June 30 plus 90 days.

16. SlumbaSleep is just starting up as a business to sell beds and mattresses. The management has not yet registered for an ABN.
   One disadvantage to the business is that:
   - their employees will not be able to get a yearly payment summary
   - they will have to pay a higher rate of company tax
   - they will have to pay a higher rate of GST
   - other businesses it deals with may withhold No ABN Withholding from any payment made to SlumbaSleep.

17. A business has to make a super contribution if an employee is:
   - over 18 years of age, working 35 hours per week and earning over $450 each calendar month
   - over 25 years old and earning $420 per calendar month
   - a housekeeper who is working 12 hours per week
   - under 18 years old and working part-time for less than 10 hours per week.

18. A tax collected by state or territory governments.
   Select the words from below that best describe the statement above.
   - Stamp duty
   - Capital gains tax
   - Import duty
   - Excise duty

19. A tax levied on profit made from the sale of CGT assets.
   Select the words from below that best describe the statement above.
   - Stamp duty
   - Capital gains tax
   - Import duty
   - Excise duty

20. A tax levied on some goods imported into Australia.
   Select the words from below that best describe the statement above.
   - Stamp duty
   - Capital gains tax
   - Import duty
   - Excise duty

21. A tax levied on certain types of goods produced or manufactured in Australia.
   Select the words from below that best describe the statement above.
   - Stamp duty
   - Capital gains tax
   - Import duty
   - Excise duty

22. A business must deduct an additional amount from an employee’s gross payment if the employee is paid more than $2,000 per week and advises that they have an accumulated HELP debt.

23. When a business ceases operation, it must change its business name.

24. Super is contributed for each employee at a minimum rate of 8.75% from all earnings including overtime.

25. The amount of PAYG withholding is at a fixed rate for each employee.