

Business Tax

**QUICK QUIZ
BUSINESS TAX****Worksheet****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.

- 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.
- 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.
- 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 applicable company tax rate
 - personal tax rates
 - partnership tax rates
 - company income tax rates.
- 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.
- 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.
- 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
 - company tax
 - 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

Decide whether the following statements are **true** of **false**.

22. A business must deduct an additional amount from an employee's gross payment if the employee is paid \$1,074 or more 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.
