

Business Tax

# QUICK QUIZ BUSINESS TAX

Years 7-10

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 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 (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

Decide whether the following statements are **true** or **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.  
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23. When a business ceases operation, it must change its business name.  
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24. Super is contributed for each employee at a minimum rate of 8.75% from all earnings including overtime.  
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25. The amount of PAYG withholding is at a fixed rate for each employee.  
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