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College of Administrative and Financial Sciences

**Assignment 1**

**Deadline: Saturday 10/10/2020 @ 23:59**

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| --- | --- |
| **Course Name: Tax and Zakat Accounting** | **Student’s Name:** |
| **Course Code: ACCT 422** | **Student’s ID Number:** |
| **Semester 1** | **CRN:** |
| **Academic Year: 1441/1442 H** | |

**For Instructor’s Use only**

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| --- | --- |
| **Instructor’s Name:** | |
| **Students’ Grade: Marks Obtained/Out of** | **Level of Marks: High/Middle/Low** |

Instructions – PLEASE READ THEM CAREFULLY

* The Assignment must be submitted on Blackboard (WORD format only) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. This includes filling your information on the cover page.
* Students must mention question number clearly in their answer.
* Late submission will NOT be accepted.
* Avoid plagiarism, the work should be in your own words, copying from students or other resources without proper referencing will result in ZERO marks. No exceptions.
* All answered must be typed using Times New Roman (size 12, double-spaced) font. No pictures containing text will be accepted and will be considered plagiarism).
* Submissions without this cover page will NOT be accepted.

Assignment Question(s): **(5.0 Marks)**

Q1. Depreciation rates used in financial accounting shall not be used in tax accounting whereas tax law gives tax credits to tax payers by using accelerated depreciation rates for some groups of assets **(1.5 Marks).**

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Required: State depreciation rates under the Article 17 of the Saudi Income.

**Answer:**

Q2. The paragraph (e) in the article 17 of the Saudi income tax explained how depreciation expense is calculated for any group of assets. **(2.0 Marks).**

Required:

1. Discuss In Detail This Article
2. Give a numerical example explaining the applicability of the paragraph (e) in the article 17 of the Saudi income tax.

Answer:

(Answer in your own words DO NOT copy from the Law).

Q3. Resident Bank fully owned by Sweden investors has the following selected items drawn from its accounting books (Amounts in Saudi Riyal) **(1.5 Marks).**

|  |  |  |  |
| --- | --- | --- | --- |
| **Account** | **Amount** | **Deductible** | **Non-deductible** |
| Allowance For Loan Losses | 840,000 |  |  |
| Employees’ share in retirement fund. | 190,000 |  |  |
| Bad debt (written off) | 18,340 |  |  |
| Donations to the Help the Poor Organization (non-licensed in Saudi) | 11,350 |  |  |
| Depreciation for New computers purchased to be used on research and development | 35,100 |  |  |
| Old employees’ reunion party expenses | 3,000 |  |  |
| Bank’ share in retirement fund within the limit in the law. | 145,000 |  |  |
| Loss on denoted assets | 8,000 |  |  |
| Income tax paid to tax and zakat authority | 150,000 |  |  |

Required: check mark items in the table below either deductible or non-deductible under income tax law in the kingdom.

Answer: