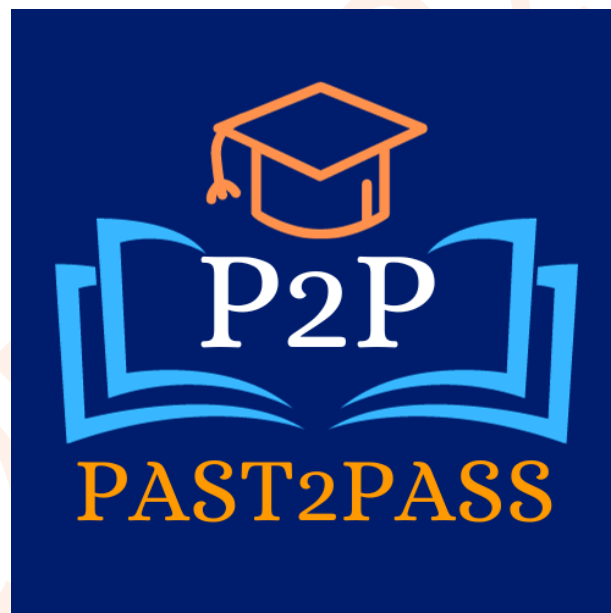


# Federal Inland Revenue Service (FIRS) Aptitude Test Questions and Answers



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## **MULTIPLE CHOICE QUESTIONS**

- 1. The following are true in personal income taxation in Nigeria with the exception of: Income tax is payable for each year of assessment on the total income of the following persons, that is:**
  - a. A person resident outside Nigeria who derives income or profit from outside Nigeria
  - b. Persons employed in the Nigerian Army, the Nigerian Navy, the Nigerian Air Force, the Nigerian police
  - c. Officers of the Nigerian foreign service
  - d. Every resident of the FCT
  - e. A person resident outside Nigeria who derives income of profit from Nigeria
  
- 2. Which ONE of the following is NOT on the list of approved taxes and levies to be collected by a State Government.**
  - a. Road taxes
  - b. Withholding taxes (corporate)
  - c. Capital gain tax(individual)
  - d. Stamp duties on instruments executed by individual
  - e. Pools betting and lottery, gaming and casino taxes
  
- 3. Which of the following is NOT one of the current tax administrative bodies in existence in Nigeria?**
  - a. Federal Board of Inland Revenue
  - b. Joint State Revenue Committee
  - c. State Board of Internal Revenue
  - d. Joint Task Force
  - e. Local Government Revenue Committee
  
- 4. An aggrieved taxpayer served with notice of refusal to amend should file a Notice of appeal to the Tax appeal Tribunal within .....days of receipt of the notice**
  - a.60
  - b. 90
  - c. 120
  - d.30
  - e. 180
  
- 5. Donations to the following bodies are allowed under S.21 CITA CAP21 LFN 2004 except**
  - a. Boys Scout of Nigeria
  - b. Institute of Medical Laboratory Technology
  - c. Nigeria National Advisory Council for the Blinds
  - d. Congress of Nigeria Political Parties

e. National Commission for Rehabilitation

**6. The conscious effort to take advantage of the provisions/ lapses of the various tax laws with a view to minimizing total tax liability, is referred to as**

- a. Tax Avoidance
- b. Tax Amnesty
- c. Tax Mitigation
- d. Tax Planning
- e. Tax haven

**7. Tax attributable to timing differences is referred to as**

- a. Incidence of tax
- b. Tax Appeal
- c. Tax shifting
- d. Differed tax
- e. Adjusted Tax

**8. The penalty for failure to deduct or remit withholding tax is a fine of .....of the unremitted tax**

- a. 150% of the withheld tax
- b. 190% of the withheld tax
- c. 200% of the withheld tax
- d. 50% of the withheld tax
- e. 300% of the withheld tax

Use the information below to answer question 9 & 10

**Mr. Ogunsanwo commenced business on 1<sup>st</sup> Sept,2008 and decided to prepare its accounts to 31<sup>st</sup> Jan annually.His adjusted profits is as follows:**

<b>Period ended 31<sup>st</sup> Jan 2009.</b>	<b>#300,000</b>
<b>Year ended 31<sup>st</sup> Jan 2010.</b>	<b>#360,000</b>
<b>Year ended 31<sup>st</sup> 2011.</b>	<b>#480,000</b>

**9. What is the assessable income if the right of election is exercised**

- a. #1,020,000
- b. #860,000
- c. #1,260,000
- d. #1,110,000
- e. # 750,000

**10. If Mr. Ogunsanwo decides to revoke his right of election what year will this take place?**

- a. 2008
- b. 2009
- c. 2010
- d. 2011
- e. 2012

11. **The person who makes a valid will is called.....**

- a. Executor
- b. Testator
- c. Legatee
- d. Beneficiary
- e. Devisee

12. **.....is a fixed sum of money payable to a person at specified intervals for a stated number of years or for life.**

- a. Gratuity
- b. Premium
- c. Annuity
- d. Compensation
- e. Pension

13. **The sum total of earned and unearned income of a chargeable person under Personal Income Tax Act as amended 2011 is known as .....**

- a. Assessable income
- b. Chargeable income
- c. Disposable income
- d. Total income
- e. Gross income

14. **The use of Government spending and taxes to change the equilibrium level of national income is referred to as.....**

- a. Fiscal Federalism
- b. Austerity measures
- c. National income
- d. Equilibrium
- e. Fiscal policy

15. **Provisional tax should be paid within the first ..... after the year of assessment**

- a. Month
- b. 2 mths
- c. 3 mths
- d. 4 mths
- e. 6 mths

16. **A Capital Gains Tax of N622 was paid on an asset that cost N50,000 when the owner sold it after incurring an incidental cost of disposal amounting to N15,000. What is the disposal value of the asset?**

- a. N71,220
- b. N72,622
- c. N82,622
- d. N71,622

e. N71,620

**17. Basis period is .....**

- a. An accounting period which is related to any particular assessment year
- b. The period from January to December
- c. The period that must not be more than 12 months
- d. An accounting period that forms the basis for calculating actual profit
- e. None of the above

**18. Quantum Leap made a profit of #250,000 for the year ended 2014. It charged depreciation of # 50,000. Included in the salaries of # 600,000 was #45,000 spent on provision of tax. What is the adjusted profit for 2015 year of assessment?**

- a. # 200,000
- b. # 300,000
- c. # 345,000
- d. # 165,000
- e. # 900,000

**19. .... Is where a capital sum is derived from sale, lease, transfer of any assets.**

- a. Sales proceed
- b. Market value
- c. Cost of acquisition
- d. Balancing charge
- e. Disposal

**20. What is the bonus available to a taxpayer for filling a self-assessment return on time and for not defaulting in the payment arrangement?**

- a. 1% of tax payable
- b. 2% of tax payable
- c. 5% of tax payable
- d. 10% of tax payable
- e. 7 % of tax payable

**21. What is the rate of annual allowance for qualifying research and development expenditure under PITA?**

- a. 15%
- b. 10%
- c. NIL%
- d. 20%
- e. 25%

**22. All the following are qualifying capital expenditure for capital allowance purposes except:**

- a. Purchase of Land
- b. Cost of building
- c. Purchase of second hand vehicle
- d. Cost of installation of plant

- e. Carriage paid to bring new machinery from port to new factory

Use the information below in respect of 2013 to answer questions 23-27

Mrs AKD is an employee on a basic salary of #2.4 million.p.a. Her employer pays #300,000 p.a on her bungalow which has a rateable value of #72,000. The employer's car which cost #1.8million at the time of acquisition is provided for her use. She contributes 2.5% and7.5% of her salary to the NHF and the contributory pension scheme respectively as required by law. She pays #120,000 annually as premium on her spouse's life assurance policy.

23. What is the value of taxable benefits in kind?

- a. # 162,000
- b. #372,000
- c. #462,000
- d. # 390,000
- e. None of the above

24. What is the amount of Mrs AKD assessable income?

- a. #2,772,000
- b. #2,862,000
- c. # 2,400,000
- d. # 2,562,000
- e. #2,790,000

25. What is the amount of her consolidated relief allowance?

- a. #754,400
- b. #712,400
- c. #680,000
- d. #758,000
- e. #772,400

26. What is the amount of her taxable income?

- a. #1,849,600
- b. 1,876,000
- c. #1,765,877.88
- d. #1,663,600
- e. None of the above

27. What is her income tax liability?

- a. #237,356
- b. #224,000
- c.#143,356
- d. # 237,365
- e. #143,365

**28. Minimum tax is applicable to the following:**

- i. Who has no chargeable income
- ii. Where the tax payable on the total income is less than 1% of his chargeable income
- iii. Where the tax payable on the chargeable income is less than 1% of his total income
- iv. Where his total income is not more than #30,000p.a

- a. I,iii,iv
- b. I, ii, iv
- c. Iv only
- d. li, iv
- e. I, iv

Which of the options a-e is correct?

**29. Mrs. Akintola graduated from the University of Ibadan in August 2011 and was employed with effect from October 2009 to work in the branch office of UAC pic in Liberia. The head office of the company is located in Lagos. Determine Mrs Akintola's residence for income tax purposes?**

- a. Liberia
- b. Lagos
- c. Ibadan
- d. Oyo
- e. FCT, Abuja

**30. Which of the following is not subject to 5% withholding tax?**

- a. Management services
- b. Technical services
- c. Consultancy
- d. Director fees
- e. Commission

**31. All the following expenses are allowable deductions in ascertaining the income of an individual from trade or business except**

- a. Research expenses
- b. Contribution to pension fund
- c. Loss on revaluation of fixed assets
- d. Specific provision of bad debts
- e. Repairs and maintainace of fixed assets

**32. Determine the income of #518,000 tax payable**

- a. 3,328,000
- b. 3,500,000
- c. 4,000,000
- d. 4,258,334.66
- e. 4,378,333.33

**33. Which of the following is calculated on straight line basis?**

- a. Investment allowance

- b. Initial allowance
- c. Annual allowance
- d. Balancing charge
- e. Depreciation

**34. For how many days may things distrained be kept before disposal?**

- a. 60
- b. 14
- c. 30
- d. 7
- e. 21

**35. Who appoints the Tax appeal Commissioners for hearing appeals against personal income tax assessment?**

- a. The President
- b. The National Assembly
- c. The Minister of Finance
- d. Joint Tax Board
- e. Chairman of the SIRS

**36. How many Tax Appeal Commissioners can form a quorum at any meeting of the Tax Appeal Tribunal?**

- a. 2
- b. 3
- c. 4
- d. 5
- e. 6

**37. In what year did Lord Lugard introduce modern income tax in Nigeria?**

- a. 1904
- b. 1914
- c. 1918
- d. 1924
- e. 1928

**38. Receipts such as unexpected lucky gifts, bequests, gaming winnings etc are referred to as**

- a. Revenue receipts
- b. Windfall receipts
- c. Capital receipts
- d. Income receipts
- e. None of the above

**39. Dr. George has been living in Sweden for the past 4 years. He has the following sources of income in Nigeria:**

- i. Pension payable by Zamfara state
- ii. Rent from his house in Kano
- iii. Profit from his hospital in Kaduna



Determine his residence?

- a. Kano
- b. Zamfara
- c. Kaduna
- d. FCT
- e. Sweden

**40. Failure or refusal to register for PAYE scheme with the relevant Tax authority within the stipulated time is....**

- a. Liable to a penalty of #500,000 in case of Body corporate
- b. Liable on conviction to a penalty of #5,000 in addition to payment of arrears of tax due
- c. Liable on conviction to a penalty of the total sum of taxes due and 10% p.a
- d. Liable to a penalty of 10% p.a of the amount plus interest at the prevailing commercial bank rate
- e. Liable on conviction to a fine of #25,000 in addition to payment of arrears of tax due.

**41. On 1<sup>st</sup> July 2011 a landlady received #864,000 as rent for 3years commencing from that date. Determine her assessable income for the 2014 year of assessment?**

- a. #144,000
- b. #288,000
- c. # 324,000
- d. #364,000
- e. None of the above

**42. The following are allowable deductions under Legal expenses except**

- a. Collection of trade debts
- b. Acquisitions of a new lease
- c. Renewal of short lease
- d. Retention of services of the firms lawyer
- e. Defending an action for breach of contracts

**43. The residue of qualifying expenditure is also referred as .....**

- a. Balancing charge
- b. Balancing allowance
- c. Initial allowance
- d. Annual allowance
- e. None of the above

**44. A ..... Is given to a taxpayer if the tax written down value of the assets at the date of disposal exceeds the nets sales proceed of the assist.**

- a. Balancing charge
- b. Balancing allowance
- c. Capital gain
- d. Chargeable assets
- e. Capital allowance

45. **The following are taken into consideration before arriving At the computed income of a partnership except**
- Partner's remuneration
  - Interest on capital
  - Cost of recreational passages
  - Share of profit
  - All of the above
46. **A person who fails to demand for a tax clearance certificate is guilty of an offence and liable on conviction to a fine of.....**
- #5,000,000 or 3years imprisonment or both
  - #50,000 plus double the tax payable plus 3years imprisonment
  - #500,000 or 3 years or both
  - None of the above
  - #5,000 or 3 year imprisonment or both
47. **The notice of assessment will contain the following except..**
- The tax payable
  - Total income on which the tax was charged
  - The address for service of the notice
  - The tax charged in the previous year
  - The name of the addressee
48. **Relevant tax authority refers to....**
- Federal inland revenue service
  - State Board of Internal Revenue service
  - Government, ministry department with responsibility to assess and collect taxes
  - Tax authority that has jurisdiction over a taxpayer
  - All of the above
49. **..... is the process of determining the correct amount of duty by this Commissioner of Stamp Duties**
- Stamping
  - Affixing
  - Adjudication
  - Customizing
  - Embossing
50. **The following are examples of instruments for ad valorem duties except**
- Bills of exchange
  - Promissory notes
  - Property valuation
  - Policy of life insurance
  - Proxy forms
51. **..... Is a relief granted where the sales proceed on disposal of a chargeable assets is utilized in the acquisition of a new assets of the same class.**

- a. Carry forward loss relief
- b. Current year loss relief
- c. Carrying cost
- d. Roll over relief
- e. Loss relief

**52. Deed of partnership usually contains the following EXCEPT:**

- a. each partner's capital contribution.
- b. the interest of any to be paid to each partner on his capital.
- c. partner's salaries.
- d. profit/loss sharing ratio.
- e. partners' bio data.

**53. What is the due date of payment for a self-assessment filer whose accounting date is 30 September?**

- a. December 31 of same year
- b. August 31 of the succeeding year
- c. September 30 of the succeeding year
- d. March 31 of the succeeding year
- e. None of the above

**54. The capital allowance granted to companies in agro allied business is .....%**

- a. 25
- b. 66<sup>2</sup>/<sub>3</sub>
- c. 50
- d. 100
- e. None of the above

**55. .... is the enquiry carried out on in company in order to ascertain any unpaid taxes by the taxpayer resulting from any action of the taxpayer that led to the under assessment of the taxpayer**

- a. Tax audit
- b. Back duty assessment
- c. Wilful neglect
- d. Fraud
- e. None of the above

**56. The following does not include the fiscal policy weapon that adjust the working of an economy on its own except**

- a. Political stability
- b. Automatic stabilizers
- c. Debt rescheduling
- d. Borrowing
- e. Debt conversion

**57. ....involves the examination of the taxpayers account, returns in the tax office and not in the taxpayers premises**

- a. Tax audit
- b. Tax investigation
- c. Field audit
- d. Desk audit
- e. Statutory audit

**58. A transaction on normal open market commercial terms is known as.....**

- a. Artificial transaction
- b. Fictitious transaction
- c. Open market transaction
- d. Arm's length transaction
- e. Accounting transaction

**59. A tax which is levied on the value of the product being taxed is known as.....**

- a. Valued added tax
- b. Consumption tax
- c. Excise duties
- d. Ad valorem tax
- e. Specific tax

**60. In respect to settlement, a child is used in the second schedule to PITA to include all the following except**

- a. Step child
- b. Own child
- c. Adopted child
- d. Illegitimate child
- e. Dependent relative child

**61. Taxes imposed and collected under the consumption tax law are due and payable.....**

- A on or before the 10<sup>th</sup> of the month
- b. On or before the 10<sup>th</sup> of the following month
- c. On or before the 20<sup>th</sup> day of each calendar month
- d. On or before the 20<sup>th</sup> day of the following month
- e. None of the above

**62. The commencement date of the Personal income tax act as amended is.....**

- a. June 4, 2011
- b. June 10,2011
- c. June 14 ,2011
- d. July 14 2011
- e. July 10,2011

**63. Casual leave enjoyed prior to the commencement of annual leave in a particular year may automatically be deducted from the annual leave . (True. /False)**

**64. An employee invalidated on medical grounds shall be entitled to the following except:**

- a. One mth notice or salary in lieu of notice

- b. Maximum sick leave period for twelve months
- c. Payment in lieu of accrued leave and leave allowance
- d. Benefits under the agency retirement scheme
- e. A lump sum payment from the insurance scheme provided the employee has served for a minimum of five years

**65. The total monthly deductions from all loans excluding rent advance plus tax should not exceed .....% of staff monthly gross pay.**

- a. 30
- b. 33 1/3
- c. 35
- d. 40
- e. 60

**66. An employee who is on suspension may have his appointment terminated if, within any period of ..... months he has been guilty on three occasions of committing an offence**

- a. 3
- b. 5
- c. 6
- d. 9
- e. 12

**67. The composition of the Disciplinary committee of LIRS includes all except**

- a. Director Personal income tax
- b. Director, Human resources and admin
- c. Director, Special duties
- d. Director, Internal audit
- e. Board secretary

**68. Given that a car was bought for #475,000 and later sold for #490,000 when the TWDV of the car was #590,375. What is the balancing allowance or charge on the assets?**

- a. #100,375 Balancing charge
- b. # 100,375 Balancing allowance
- c. #15,000 Balancing allowance
- d. #15,000 Balancing charge
- e. None of the above

**69. Mr Bush received # 1,140,000 during the year ended 31<sup>st</sup> December 2010 for various supplies to companies through local purchase order. He collected rents of #900,000 during the same year from properties let out to companies. All the payment were made to him after deduction of withholding tax. What is the total amount of withholding taxes suffered by Mr Bush during the year?**

- a. #810,000
- b. #57,000
- c. #147,000
- d. # 457,000
- e. #50,000

Use the information below to answer questions 70-72

Sheelu, Uju and Oluchi have been in partnership for many years sharing profits in the ratio of 3:2:1. They receive salary of #66000 #78000 #90000 respectively and interest on capital of 8% on their capital contribution of #1.2 million, #1.6 million, #2.4 million respectively. The adjusted profits for the year ended 31<sup>st</sup> December 2014 before charging partners salaries and interest on capital was #950,000.

70. What is the partnership computed income or loss?

- a. #300,000
- b. #650,000
- c. #300,000 loss
- d. #650,000 loss
- e. None of the above

71. What is sheelu assessable income?

- a. #162,000
- b. #216,000
- c. #612,000
- d. #312,000
- e. #321,000

72. What is Sheelu's tax liability?

- a. # 22,320
- b. #3,120
- c. #2,160
- d. #1,620
- e. # 23,310

73. The following are the conditions necessary for an expense to qualify as allowable for tax purposes under Corporate taxation EXCEPT

- a. Exclusively
- b. Necessarily
- c. Wholly
- d. Carefully
- e. Reasonably

74. Calculate the annual allowance due for 2013 assessment year based on the information below

	<b>Plant</b>
<b>Tax written down value after 2012 year of assessment</b>	<b>#1.2million</b>
<b>Residual year(s)</b>	<b>3</b>

- a. #200,000
- b. #250,000
- c. #300,000

- d. #400,000
- e. #600,00

**75. The commissioner for Justice is .....**

- a. Ekundayo Mobereola
- b. Wasiu Anifowoshe
- c. Adeniji Kareem
- d. Seye Oladejo
- e. Ganiu Okanlomo

**76. Who is the Special Adviser on Central Business District**

- a. Obafela Bank-Olemoh
- b. Aramide Giwason
- c. Ayodeji Tinubu
- d. Adebimpe Akinsola
- e. Agboola Dabiri

**77. Governor Akinwunmi Ambode signed the MoU for the 4<sup>th</sup> Mainland bridge at the Banquet hall Ikeja on .....,2016**

- a. April 22
- b. April 25
- c. May 17
- d. May 22
- e. May 25

**78. Lagos state has a population of approximately ..... million**

- a. 17
- b. 18
- c. 19
- d. 20
- e. 21

**79. The following conditions apply to current Year Loss Relief except:**

- a. It is applicable to only individuals.
- b. Losses incurred from a particular source of income can be relieved against other sources.
- c. A written claim must be made within twelve months after the end of the year of assessment in which the loss arises in order to enjoy the current year loss relief.
- d. It is applicable to both individuals and corporate bodies.

**80. Losses are allowed to be carried forward for a maximum period of..... years for trading Companies after which it lapses.**

- a. Two
- b. Three
- c. Four
- d. Five

e. Six.

**81. What is the “principal place of business” of an individual whose only source of income is pension?**

- a. His state of origin
- b. That place in which he usually resides
- c. That place nearest to his usual place of work
- d. His place of work
- e. His place of birth.

**82. Which ONE of the following means Original Assessment?**

- a. Best of judgement assessment raised on a tax payer in a particular tax year.
- b. Assessment on normal basis raised on a tax payer in a particular tax year.
- c. Assessment on actual basis raised on a tax payer in a particular tax year.
- d. Additional assessment raised on a tax payer in a particular tax year.
- e. First assessment raised on a tax payer in a particular tax year

**83. Benefits-in-kind refer to**

- a. the official monetary remuneration of an employee.
- b. the official non-monetary remuneration of an employee.
- c. the official remuneration of an employee.
- d. the official remuneration of a management staff.
- e. the tax paid by an employee.

**84. The basis period for the last year of assessment under Cessation rule is .....**

- a. 1st January to the date of cessation.
- b. 1st February to the date of cessation.
- c. 1st March to the date of cessation.
- d. 1st April to the date of cessation.
- e. 1st May to the date of cessation.

**85. The following are sources of tax laws except:**

- a. Opinion of income tax experts
- b. Court judgement until overruled
- c. Opinion of a member of the House of Assembly
- d. Constitution
- e. Accepted Recommendations of commission on enquiry

**86. Withholding tax suffered on ..... by non-residents is not regarded as final tax**

- a. Dividend
- b. Contract
- c. Interest
- d. Rent
- e. Royalties



**87. Withholding tax on rent by a company to an individual landlord, is to be remitted to FIRS.**

**True/False**

**88. In the computation of chargeable gain, the open market value will be used rather than the actual proceeds received, in which of the following instances?**

- a. Where the transaction is between Zenith Bank and UAC plc
- b. Where the transaction is between Unilever and GTB
- c. Where the seller is the uncle of the buyer
- d. Where the disposal is by public auction to the highest bidder
- e. Where the transaction is court induced sale

**89. When a tax is not paid on due date, penalty of..... p.a and interest at a ruling commercial bank rate is payable**

- a. 5%
- b. 10%
- c. 15%
- d. 21%
- e. 31%

**90. Personal income tax in Nigeria covers the following EXCEPT:**

- a. Taxation of employees.
- b. Taxation of sole traders.
- c. Taxation of small limited liability company.
- d. Partnership assessment.
- e. Taxation of estate, trusts and settlement.

**91. When was the Effective date of the Consumption Tax Law?**

- a. June 29, 2009
- b. June 30, 2009
- c. July 29, 2009
- d. August 1, 2009
- e. August 30, 2009

**92. LIRS has .....Tax stations and .....Mini Tax stations**

- a. 35, 39
- b. 36, 40
- c. 37, 41
- d. 39, 35
- e. 40, 36

**93. Under the change of accounting date rule ---- assessment years are considered relevant**

- a. Six
- b. Five

- c. Four
- d. Three
- e. Two

**94. In rural areas, the approved annual fees are.....for registration and..... for renewal of business premises.**

- a. N12,500 N6,250
- b. N10,000 N5,000
- c. N7,500 N3,750
- d. N5,000 N2,500
- e. 2,000 N1,000

**95. A principle of an ideal tax system that accepts that the structure and rates of tax should be capable of being altered without much difficulty is known as**

.....

- a. Simplicity
- b. Flexibility
- c. Neutrality
- d. Economy
- e. Uniformity

**96. Who is the Chairman of the Revenue Committee of a Local Government?**

- a. Local Government Chairman
- b. Majority Leader
- c. The Supervisor for Finance
- d. Minority Leader
- e. Local Government Treasurer.

**97. The Lagos State Government generated a total of #101.69 billion in the first quarter of 2016, how much of this revenue was generated by the LIRS?**

- a. 60 billion
- b. 67.25 billion
- c. 75.45 billion
- d. 84.34 billion
- e. 88.24 billion

**98. The full meaning of the acronym LASRAB is one of the following**

- a. Lagos State Residents and Accommodation Board
- b. Lagos State Revenue Allocation Bureau
- c. Lagos State Records and Archives Bureau
- d. Lagos State Revenue Allocation Board
- e. Lagos State Records and Accounts Bureau

**99. The Lagos Radio runs on which frequency?**

- a. 93.6 fm
- b. 94.1 fm

- c. 95.9 fm
- d. 96.1 fm
- e. 96.5 fm

100. **The following are regarded as core objectives of a modern tax system EXCEPT:**

- a. Payment of salaries
- b. Revenue generation
- c. Economic regulation
- d. Harmonisation of single market for ECOWAS
- e. Redistribution of income and wealth

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