

# YR 12 ACCOUNTING - WORKSHEET

Date: 27/04/2020

Week: 2

Worksheet No. : 7

Strand no: 2 Strand: Personal Finance

Sub Strand: - Value Added Tax

Objectives: Students should be able to revise on:

- Define VAT.
- Explain the purpose, implications and characteristics of VAT.
- Differentiate between registered and non-registered business.
- Identify transactions related to VAT.
- Explain the meaning of VAT inclusive and VAT exclusive price.

Notes

A. Define Vat.

**Value Added Tax (VAT)** is a tax on spending that is levied on the supply of goods and services in Fiji. It is a regressive form of tax imposed on all consumers in Fiji irrespective of their economic backgrounds. Fiji Revenue and Customs Authority is responsible for collecting the VAT. The current VAT rate in Fiji is 9%.

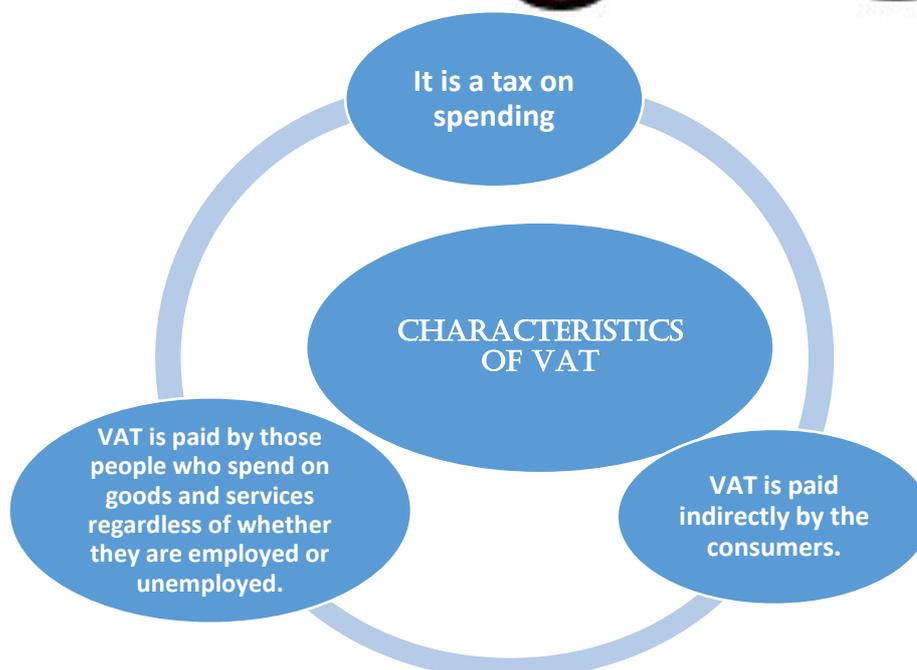
B. Explain the purpose, implications and characteristics of VAT.

### PURPOSE OF VAT

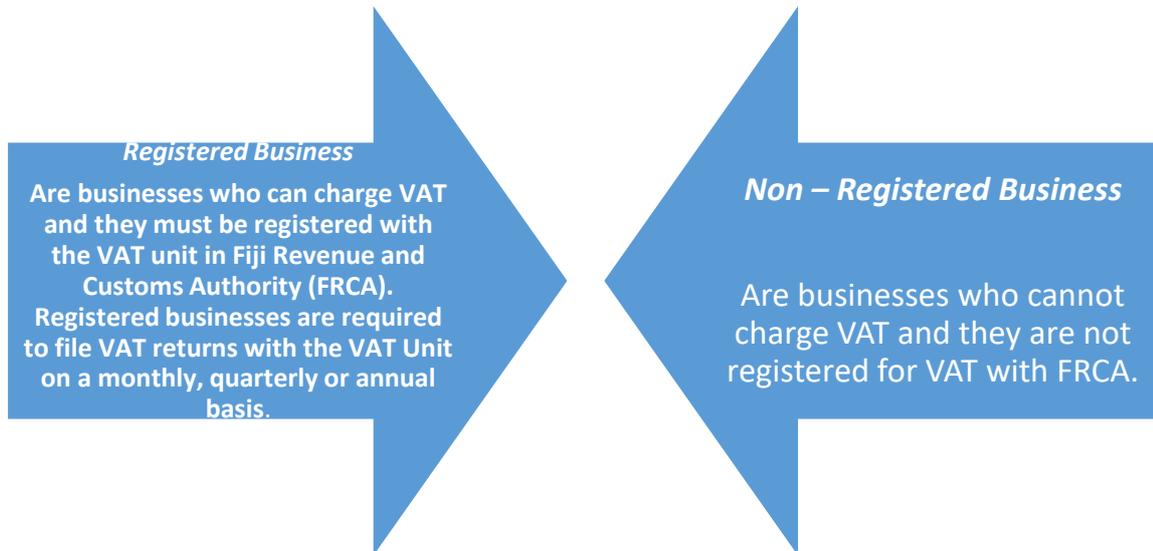
Source of income for the government

### IMPLICATIONS OF VAT

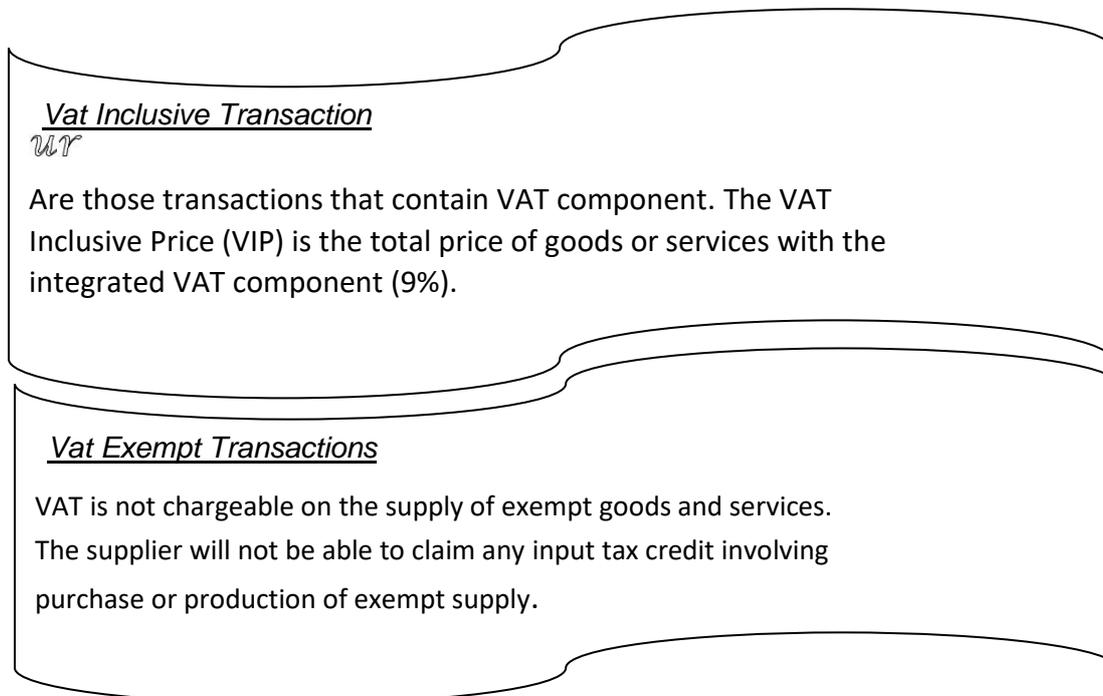
Higher prices for goods and services  
More burden on the low  
Income earners



**C. Differentiate between registered and non-registered business.**



**D. Meaning of Vat Exclusive and Vat Inclusive Transactions**



**Activities**

**(11 MARKS)**

**Instructions**

Students are required to answer the following questions on their own, by recalling what they have already learned in term 1.

**A. Multiple Choice**

**Circle the letter which represents the best answer.**

**(5 marks)**

1. On which of the following transactions VAT is **not** charged?
  - A. Cash transaction
  - B. VAT inclusive transaction
  - C. Exempt Supplies
  - D. Credit transaction

2. Jone bought a typewriter for \$600 VIP. What type of transaction is this?
  - A. Revenue transaction
  - B. VAT inclusive transaction
  - C. VAT exclusive transaction
  - D. Zero rated transaction
  
3. In Fiji, Value added tax is charged on most goods and services at 9 %. The VAT Inclusive Price of an item is \$1150, then VAT Exclusive Price of the same item would have been
  - A. \$1046.50
  - B. \$960
  - C. \$1055.05
  - D. \$1215
  
4. Kaka Trading sells Table costing \$750 at VAT exclusive price. Value Added tax is charged at 9%. What would be the VAT inclusive price?
  - A. \$937.50
  - B. \$817.50
  - C. \$656.25
  - D. \$112.50
  
5. Petero sold a car for \$18 900 VIP. The rate of VAT is 9 %. Therefore, the amount of VAT is:
  - A. \$2465.22
  - B. \$2100.00
  - C. \$1560.55
  - D. \$21262.50

### SHORT ANSWERS

1. Define VAT?

\_\_\_\_\_ (1 mark)

2. Differentiate between registered and non-registered business.

Registered business: \_\_\_\_\_

\_\_\_\_\_ (1 marks)

Non – registered business: \_\_\_\_\_

\_\_\_\_\_ (1 mark)

3. Differentiate between VAT inclusive and VAT exempt transactions?

VAT inclusive transactions : \_\_\_\_\_

\_\_\_\_\_  
(1 mark)

VAT exempt transactions: \_\_\_\_\_

\_\_\_\_\_  
(1 mark)

4. Which government department is responsible for collecting VAT in Fiji?

\_\_\_\_\_  
(1 mark)

\*\*\*\*\*The End \*\*\*\*\*

