

CAPITAL GAINS TAXATION

MULTIPLE CHOICES- PROBLEMS :PART 1

1. Poe sold domestic shares directly to buyer. The following relates to the sale:

Fair market value of shares	P 400,000
Selling price	300,000
Cost	150,000

Compute the capital gains tax.

- a. P 7,500
 - b. P 9,925
 - c. P 15,000
 - d. **P 22,500**
2. Mr. Dondi sold domestic stocks directly to a buyer at a mark-up on cost of P200,000. He paid P5,000 broker's commission and P8,000 documentary stamp tax on the sale. Compute the capital gains tax.
- a. **P 28,050**
 - b. P 14,500
 - c. P 14,200
 - d. P 13,700
3. Mr. Abdul, a non-resident alien, sold domestic stocks directly to a buyer at a net gain of P70,000. Compute the capital gains tax.
- a. **P 10,500**
 - b. P 6,000
 - c. P 4,000
 - d. P 3,500
4. Mr. Panay Cabig, a non-resident citizen, sold domestic stock rights directly to a buyer at a net gain of P320,000. Compute the capital gains tax.
- a. P 30,000
 - b. P 25,000
 - c. P 27,000
 - d. **P 48,000**
5. Mr. Bigos sold shares of a resident foreign corporation directly to a buyer. The shares were purchased for P100,000 and were sold at a net selling price of P210,000. Compute the capital gains tax.
- a. P 15,000
 - b. P 11,000
 - c. P 5,500

d. P 0

6. Bayawan Inc. exchanged its investments representing domestic shares for a piece of land owned by Eagle, Inc.

Fair market value of shares	P 400,000
Fair market value of land	500,000
Par value of shares	300,000
Cost of shares	350,000

Compute the capital gains tax.

- a. **P 22,163**
b. P 15,000
c. P 11,000
d. P 9,988
7. Digong Inc. exchanged its share investment from Bee Inc., as payment of its P350,000 long outstanding loan from the latter. Digong acquired the shares for P300,000. Ignoring documentary stamp tax, compute the capital gains tax on the transaction.
a. P 0
b. **P 7,500**
c. P 5,000
d. P 2,500
8. On January 5, 2021, Teresita, a stock dealer, disposed the following shares directly to a buyer:

<u>Shares</u>	<u>Selling Price</u>	<u>Cost</u>
Stock Rights	P200,000	P170,000
Common stocks	100,000	110,000

Ignoring the documentary stamp tax, the capital gains tax payable on the sale is

- a. **P 0**
b. P 1,000
c. P 1,500
d. P 3,000
9. Kidapawan, Inc., a domestic service company, has the following transactions on the sale of another domestic corporation:

<u>Transaction</u>	<u>Quantity</u>	<u>Net price</u>
Purchase	20,000	P40,000
Purchase	30,000	63,000

Sale	40,000	92,000
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Assuming the first-in, first-out method, compute the capital gains tax on the sale.

- a. P 0
- b. P 480
- c. **P 1,500**
- d. P 4,650

10. Assuming the moving average method, compute the capital gains tax on the sale.

- a. P 0
- b. P 400
- c. P 500
- d. **P 1,440**

11. Argan Company, a trading company, made the following transactions during the year involving the stocks of Xurpas, a domestic corporation:

Date	Transaction	Shares	Net price
6/15/2021	Purchase	10,000	P 30
9/30/2021	Sale	8,000	28
10/3/2021	Purchase	15,000	25
12/7/2021	Sale	10,000	32

Argao uses the FIFO method in costing the Xurpas stocks.

Compute the deductible loss on the September 30 sale.

- a. P 20,000
- b. P 16,000
- c. P 12,800
- d. **P 0**

12. Compute the taxable gain on the December 7 sale.

- a. P 64,118
- b. P 60,000
- c. P 51,467
- d. P 44,000

13. Mr. Gary has the following transactions during the year on the common stocks of Philippine Pines, a domestic non-listed company:

<u>Date</u>	<u>Transaction</u>	<u>Gain (Loss)</u>
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5/8/2021	Sale	P120,000
8/5/2021	Sale	(10,000)
9/8/2021	Sale	250,000

Compute the annual capital gains tax due for 2020.

- a. **P 54,000**
- b. P 29,000
- c. P 22,000
- d. P 3,000

14. Mr. Cabilao shows the following transactions in the shares of Aklan Corporation, a closely held corporations:

<u>Date</u>	<u>Transaction</u>	<u>Quantity</u>	<u>Price</u>
2/8/2021	Buy	10,000	P 120,000
4/5/2021	Sell	10,000	100,000
5/1/2021	Buy	20,000	240,000

What is the tax basis of the shares acquired on May 1, 2020?

- a. P 300,000
- b. **P 260,000**
- c. P 240,000
- d. P 220,000

15. Mrs. San Marcelino, a resident citizen, purchased 100,000 shares of PhilHotdogs, a domestic listed company. The shares were acquired at P200,000. She disposed the shares through the Philippine Stock Exchange at a fair value of P250,000.

Compute the capital gains tax.

- a. **P 0**
- b. P 2,500
- c. P 7,500
- d. P 10,000

16. Mr. Candelaria disposed various stocks at a total consideration of P400,000 and paid thereon stock transactions tax of P2,000. Aggregate gains realized totaled P98,000 after the stock transaction tax. What is the capital gains tax?

- a. **P 0**
- b. P 4,900
- c. P 9,800
- d. P 14,700