**Chapter 11: Taxation and Social Accounting**

**Multiple Choice Questions**

1. Which of the following is not a widely-used tax base:
   1. Income.
   2. Expenditure.
   3. Health.
   4. People.
2. A tax system can be best defined as:
   1. the combination of different taxes which a government imposes on taxpayers.
   2. the administrative framework within which taxes are collected.
   3. the procedures for creating new tax laws,
   4. the combination of tax bases, rates, tax collection and tax compliance arrangements.
3. Which of the following is not one of Adam Smith’s ‘Canons of Taxation’:
   1. Competitive.
   2. Certain.
   3. Proportional.
   4. Efficient.
4. Tax Expenditure refers to:
   1. How a government spends tax revenues.
   2. The amount of tax paid by a business.
   3. The amount of tax foregone by a government because of tax reliefs and incentives.
   4. Tax lost through non-compliance.
5. Which of the following statements is true?
   1. Tax avoidance is the process of illegally minimising one’s tax liabilities.
   2. Only big companies evade tax.
   3. Attitudes to tax avoidance are shaped by our knowledge and perspective of tax.
   4. Taking advantage of legitimate tax incentives can be called tax evasion.
6. OECD six key sources of taxation include:
   1. Income and services
   2. Property
   3. Non-compulsory social security
   4. Losses
7. Which of the following are part of the ICAEW Ten Tenets of Taxation:
   1. Certain, statutory and simple
   2. Properly targeted and constant
   3. Fair and reasonable
   4. All of the above
8. Tax transparency has become a public concern because of:
   1. The financial loss to society
   2. Inequitable basis of taxation
   3. Reduced public funds
   4. All of the above
9. Multi-national organisations are seen as more able to avoid tax than smaller businesses because of:
   1. Larger tax bills
   2. More stakeholders
   3. Greater flexibility
   4. Global locations
10. Which of the following is true:
    1. Taxation is a non-essential element in sustainability
    2. CSR behaviours results in fair taxation
    3. Taxation types and rates are interlinked
    4. Low tax rates improve sustainability