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# ACCOUNTING AND TAXATION

Accounting is known as the activity of keeping detailed records of the amounts of money a business or a person receives and spends. There are certain subcategories of accounting: public accounting, cost accounting, creative accounting, micro accounting, tax accounting, governmental accounting, management accounting, internal auditing, and so on.

A) Can you match the types of accounting with their corresponding definition?

- |                                  |  |
|----------------------------------|--|
| <b>1 tax accounting</b>          | a) a form of public accounting, applied to government agencies and private businesses that are subject to government regulations                   |
| <b>2 management accounting</b>   | b) when companies present or organize their accounts in such a way that they gain money for themselves or give a false impression of their profits |
| <b>3 creative accounting</b>     | c) this type is used by a business or agency for the purpose of recording and analyzing the company's financial data.                              |
| <b>4 governmental accounting</b> | d) accounting at the individual or subunit component level of an enterprise or entity  |
| <b>5 micro accounting</b>        | e) focuses on tax issues; this includes all activities related to filing tax returns and planning for future tax obligations                       |

Key: 1e, 2c, 3b, 4a, 5d

B) As Benjamin Franklin once said, "Nothing is certain but death and taxes." Unfortunately, there are also many different types of taxes- some are paid by the individual and some by businesses. Choose the word from the list and put it into the correct gap.

**corporate payroll income inheritance capital gains property consumptive**

- a) These taxes are paid on investments that have appreciated, i.e. when investments have been sold. \_\_\_\_\_
- b) \_\_\_\_\_ tax is paid by anyone who earns an income and is subject to deductions and tax credits.

- c) \_\_\_\_\_ taxes are taxes on sales goods or items that are subjected to being used by either an individual or business (e.g. travel fees, toll road fees)
- d) These taxes are taken out by the businesses before income is distributed to the individual in exchange for the work that was done: \_\_\_\_\_ taxes
- e) \_\_\_\_\_ taxes are paid by anyone who owns property such as land, a home or commercial real estate.
- f) \_\_\_\_\_ tax is the only type where a tax can happen because of a death.
- g) \_\_\_\_\_ taxes are paid on the income made in a particular business.

Key: a) capital gains, b) income, c) consumptive, d) payroll, e) property, f) inheritance, g) corporate

C) Here are some useful expressions that you need to know if you are in accounting and taxation business. Choose the best word to build compound nouns related to this topic.

- I can put this lunch on my \_\_\_\_\_ account because my employer will pay for it.  
**a) costs b) expense c) expenditure d) bank**
- A profit \_\_\_\_\_ is the difference between the amount of money that a company receives for a product and the amount which it has spent on it.  
**a) gain b) sum c) interest d) margin**
- Petty \_\_\_\_\_ is a small amount of money kept in the company's office for buying cheap items.  
**a) cash b) money c) coin d) bank note**
- Credit \_\_\_\_\_ systems make sure that debtors do not owe too much money.  
**a) check b) watch c) control d) restraint**
- A balance \_\_\_\_\_ is a statement that shows the value of a company's assets and its debts.  
**a) line b) graph c) paper d) sheet**
- A \_\_\_\_\_ account is a bank account which usually earns low interest and to which you have quick access.  
**a) current b) credit c) profit d) black**
- Capital \_\_\_\_\_ are the buildings and machines owned by a business.  
**a) goods b) gains c) assets d) stakes**
- A \_\_\_\_\_ tax is the money that a person has to pay to the government, such as income tax.  
**a) value added b) direct c) indirect d) government**

Key: 1b, 2d, 3a, 4c, 5d, 6a, 7c, 8b

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