



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2024 SEMESTER**

COURSE CODE	: EBB21003
COURSE NAME	: INTRODUCTION TO TAXATION
PROGRAMME NAME	: BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN ISLAMIC FINANCE
DATE	: 6 JULY 2024
TIME	: 2.00 PM – 5.00 PM
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **SIX (6)** questions.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. This question paper must not be removed from the examination hall.

THERE ARE FOURTEEN (14) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)**INSTRUCTION: Answer ALL questions.****Question 1**

Jack Sparrow is an Australian citizen. He arrived at KLIA on 3 March 2017 and immediately started to work as financial consultant at Feeras Consultant. His patterns of stay in Malaysia are as follows:

Year	Period of stay	Note
2017	3 March – 31 May	
2018	15 October – 31 December	
2019	1 January – 7 July	
2020	1 October – 31 December	
2021	-	1
2022	1 March – 30 September	2

Note:

1. He was not in Malaysia in year 2021.
2. He left Malaysia permanently on 1 October 2022

Required:

Determine the residence status of Jack Sparrow for all relevant years up to year of assessment 2022. Provide explanation for your answer.

[15 marks]

Question 2

Inari Enterprise has been operating as a manufacturer of furniture products since 2015. For the year ended 31 October 2023, the business submitted the following information:

	Year ended 31 October 2023
Business 1 – Trading	
Gross income	300,000
Allowable expenses	150,000
(inclusive of cash donations to approved charitable institutions of RM1,500 and depreciation of RM5,000)	
Disabled employee	2,500
Maintenance of child care center for employees	8,000
Unabsorbed capital allowance b/f	(2,800)
Capital allowance	72,000
Balancing allowance	6,000
Balancing charge	3,500
Business 2 – manufacturing	RM
Adjusted loss	(6,500)
Balancing charge	25,000
Capital Allowances – current year	9,600
Unabsorbed capital allowance b/f	2,400
Unabsorbed business loss b/f	(2,500)
Rental income	20,000
Dividend income	5,000

Required:

Compute the chargeable income of Inari Enterprise for the year of assessment 2023

[15 marks]

Question 3

- (a) Vsolar Bhd. is an established company in the business of manufacturing chairs and tables. The company prepares its accounts to 31 December annually. The company has incurred the following expenditure for the purpose of its business.

The company constructed a building on 5 September 2020. The building was completed and immediately put into used as a factory on 14 April 2021. The details of the expenditure incurred are as follows:

Expenditure	RM
Cost of land	700,000
Legal fees (a quarter related to land)	10,000
Demolishing cost of an old office building	50,000
Construction cost	300,000
Stamp duty on acquisition of land	9,500
Electrical wiring and plumbing	15,000

Required:

Compute the industrial building allowances and balancing charge (if any) for Vsolar Bhd. for all relevant years of assessment up to and including the year of assessment 2023.

(10 marks)

- (b) Istanbul Sdn Bhd was incorporated on 1 January 2019 and it closes its account on 31 December annually. Below is some information with regard to its assets:

Cutting machine

A cutting machine was acquired in April 2019. The cost of the machine was RM80,000 and Istanbul Sdn. Bhd. incurred another RM5,000 on the cost of preparing the site for installation of the machine. However, the machine was disposed on February 2022 for RM30,000.

Motor vehicle

Istanbul Sdn Bhd purchase car on 1 June 2020 with the cash price RM149,500. The motor vehicle was licensed for commercial transportation of goods or passengers. On 4 September 2022, the motor vehicle was sold to MRCB Bhd. for RM59,100.

Required:

Compute the capital allowance, balancing charges and balancing allowance (if any) for each asset for the relevant years of assessment up to year of assessment 2022.

(10 marks)

[20 marks]

Question 4

Encik Kamarul is a 48 years old Malaysian citizen working as a businessman in Kota Kinabalu, Sabah. He is currently operating a coffee shop and a boutique as his main source of income. He is married to Puan Azizah, 52 years old who is working as a senior executive officer at Immigration Office located in Kota Kinabalu. Details pertaining to the couple's incomes for year 2023 are given below:

Encik Kamarul

(i) Business income

	Barista Coffee RM	Diva Boutique RM
Adjusted income/(loss)	(12,500)	61,860
Balancing charge	1,800	-
Capital allowance:		
- Current year	1,800	5,100
- Previous year	4,600	-
Balancing allowance	-	3,700

(ii) Rental income

Encik Kamarul owns a town house in Sandakan which was purchased on February 2023 and was only rented out in July 2023. The house was rented for RM2,100 by Dr. Lia who is currently working in Hospital Sandakan. During the tenancy, Encik Kamarul incurred the following expenses:

	RM
Quit rent	1,100
Repairs of broken glass doors (in August 2023)	1,200
Renovation to install new kitchen cabinet	3,700
Legal fees (tenancy agreement)	830
Advertising	250

Puan Azizah**(i) Employment Income:**

She received a monthly gross salary of RM3,500 and she elected for government pension scheme. During her employment, she also received RM30,000 gratuity for her long service with the Immigration Department.

(ii) Royalties:

Puan Azizah received a royalty amounting to RM74,000 for a translation work that she done in the previous year by the request of Ministry of Education.

(iii) Interest:

She received an interest income from her saving accounts with the overseas bank amounting RM10,000.

Additional information:

1	The couple has three beautiful children. The details as follows:	
	Noah	21 years old, currently studying Degree in Communication, full time at Curtin University, Sarawak. He work part time at Starbucks, earning RM300 per month
	Noni	19 years old, physically handicapped and currently studying Diploma in Education, full time at UiTM Sabah.
	Nina	3 years old.
Puan Azizah elected to claim the child relief.		
2	One of their children, Noah, is suffering from leukemia since he was 15 years old. During the year, Puan Azizah incurred RM6,500 on his medical expenses.	
3	Encik Kamarul paid premium on two types of insurance policies for himself, RM5,200 on a life insurance policy and RM2,500 on medical insurance policy. On the other hand, Puan Azizah paid RM3,800 of premium on her daughter education insurance.	
4	Puan Azizah purchased a wheelchair during the year for her daughter, Noni that costs RM2,800.	
5	Encik Kamarul also made a subscription of magazine and newspaper that costs RM800 and RM300 respectively.	
6	Puan Azizah incurred RM5,200 of medical expenses for her father-in-law.	
7	Both Encik Kamarul and Puan Azizah paid zakat during the year amounting to RM350	

	and RM400 respectively.
8	Encik Kamarul and Puan Azizah had made a Umrah pilgrimage to Saudi Arabia on July 2023. Each of them paid RM150 for the departure levy and RM400 for the Umrah visa.
9	During the year Puan Azizah paid RM890 to Megazahran Klinik for an influenza vaccine for herself and her children.
10	Puan Azizah also incurred RM2,500 paid to the local tour guide for their family vacation in Pulau Pangkor.

Required:

Compute the income tax payable for Encik Kamarul and Puan Azizah for the year of assessment 2023. Puan Azizah did not elect for combined assessment.

[30 marks]

Question 5

DNJ Bersaudara has been established since 2019. The partnership is currently owned by Didie, Nana and Jojo. The business accounting year ends on 31 December each year. The terms of their agreement are as follows:

	Didie	Nana	Jojo
Capital (RM)	80,000	70,000	50,000
Salary per year (RM)	35,000	40,000	45,000
Entertainment allowance per annum (RM)	5,000	5,000	5,000
Personal expenses per annum (RM)	3,000	3,000	2,000
Interest on capital per annum	6%	6%	6%
Profit or loss sharing	40%	30%	30%

	Didie	Jojo
Capital (RM)	90,000	60,000
Salary per year (RM)	35,000	45,000
Entertainment allowance per annum (RM)	5,000	5,000
Personal expenses per annum (RM)	3,000	2,000
Interest on capital per annum	6%	6%
Profit or loss sharing	9	6

Nana retired from the partnership on 31 May 2023, because she was getting married and decided to migrate to Korea with her husband, Park Ah Taan. Didie and Jojo continued with the business and increased their capital contribution by RM10,000 each. The new profit sharing ratio is based on capital contributions and while the other terms of partnership remain unchanged. The provisional adjusted income of the partnership for the basis year 2023 was RM100,000. The balancing charges and capital allowance for the year ended 31 December 2023 were RM5,000 and RM7,500 respectively.

Additional information :

1. The partnership made a donation to an approved institution amounting to RM3,500 in April 2023.
2. Jojo received rental income of RM24,000 for the year assessment 2023.

Required:

- (a) Calculate the divisible income/(loss) for the year of assessment 2023.
(5 marks)
- (b) Compute the statutory income of each partner for the year of assessment 2023.
(5 marks)
[10 marks]

Question 6

- (a) In Malaysia, revenue laws encompass various sources of income for the government. Explain **TWO (2)** primary sources of revenue laws in Malaysia.
(4 marks)
- (b) Tax treatment for residents and non-residents varies in many jurisdictions, and the specifics can depend on the country's tax laws. Differentiate **TWO (2)** tax treatment for residents and non-residents status in Malaysia.
(4 marks)
- (c) Perquisites are benefits in cash or in kind (can be converted into money) received by an employee from his employer or from third parties in respect of exercising employment according to section 13 (1) (a) ITA1967. List **TWO (2)** income under section 13 (1) (a) ITA1967.
(2 marks)
[10 marks]

END OF EXAMINATION PAPER

APPENDIX**1. THE TAX RATES APPLICABLE WITH EFFECT FROM YA 2023****a. Residual individual**

Chargeable Income	RM	YA 2023	
		Tax Rate (%)	Income Tax Payable (RM)
First	5,000	0	0
Next	<u>15,000</u>	1	<u>150</u>
On	20,000		150
Next	<u>15,000</u>	3	<u>450</u>
On	35,000		600
Next	<u>15,000</u>	6	<u>900</u>
On	50,000		1,500
Next	<u>20,000</u>	11	<u>2,200</u>
On	70,000		3,700
Next	<u>30,000</u>	19	<u>5,700</u>
On	100,000		9,400
Next	<u>150,000</u>	25	<u>37,500</u>
On	250,000		46,900
Next	<u>150,000</u>	25	<u>37,500</u>
On	400,000		84,400
Next	<u>200,000</u>	26	<u>52,000</u>
On	600,000		136,400
Next	<u>400,000</u>	28	<u>112,000</u>
On	1,000,000		248,400
Next	<u>1,000,000</u>	28	<u>280,000</u>
On	<u>2,000,000</u>		528,400
Exceeding	<u>2,000,000</u>	30	

b. Companies (resident, non-resident)

Chargeable income	≤ RM600,000	17%
Excess		24%

2. Value of benefits in kind
Car scale

Cost of car (when new)	Annual value of private usage of car (RM)	Annual prescribed benefit of fuel (RM)
up to RM50,000	1,200	600
RM50,001 – RM75,000	2,400	900
RM75,001 – RM100,000	3,600	1,200
RM100,001 – RM150,000	5,000	1,500
RM150,001 – RM200,000	7,000	1,800
RM200,001 – RM250,000	9,000	2,100
RM250,001 – RM350,000	15,000	2,400
RM350,001 – RM500,000	21,250	2,700
RM500,001 and above	25,000	3,000

3. Other benefits

Household furnishings, apparatus and appliances:	RM per month
Semi-furnished with furniture in the lounge, dining room or bedroom	70
Semi-furnished with furniture as above plus air-conditioned and /or curtains and carpets	140
Fully furnished premises	280
Domestic help (maid)	400
Gardener	300
Guard	400
Driver	600

4. Type of individual tax relief – YA 2023

YA	2023 RM
Personal relief	9,000
Disabled self, additional	6,000
Parent – medical treatment, special needs and carer expenses	8,000
Basic supporting equipment for disabled person	6,000
Advancement of learning	7,000
(a) Tertiary level (Bachelor degree)	
(b) Master and PhD	2,000
(c) Upskill or self-advancement course	10,000
Medical related expenses	
(a) Medical expenses	
(i) treatment for serious disease	
(ii) undergoing fertility treatment	
(iii) vaccination (up to RM1,000)	
(b)	
(i) complete medical examination	1,000
(ii) covid-19 test	
(iii) mental health examination or consultation	
(c) Early intervention expenditure for children (≤ 18 years old) with learning disabilities (w.e.f YA 2023)	4,000
(i) learning disability diagnosis	
(ii) Early intervention programme or rehabilitation treatment	
Deposit in SSPN for child's education	8,000
Contribution to	
(a) SOCSO	350
(b) EIS	
Lifestyle relief	2,500
• books, journals, magazines, printed newspapers and other similar publications.	
• personal computer, smartphone and tablet	
• sport equipment and approved sport activity	
• Internet subscription	
Breastfeeding equipment	1,000
Child care fees to child care centre, kindergarten (either husband or wife claim)	3,000
Healthy lifestyle	500
(a) sport equipment for approved sport activity	
(b) rental or entrance fee for sports facility	
(c) registration fees for sport competition	
Electric vehicle charging facility – installation, rental, purchase (including hire purchase) or subscription	2,500
Life insurance and EPF [(a)+(b)+(c)]	7,000
(a)	
(i) Life insurance premium	3,000
(ii) Voluntary contribution to EPF	
(b) Contribution to EPF/approved scheme	4,000
(i) Obligatory	

(ii) Voluntary	
(c) Contribution under any written law	
Education or medical insurance	4,000
Deferred annuity, private retirement scheme	3,000
Child (<18 years old)	3,000
Disabled child	2,000
Full time instruction at university, college, or other higher education, serving under articleship (child ≥ 18 years old)	6,000
Disabled child studying full time higher education (child ≥ 18 years old)	8,000
Spouse not working, elect joint assessment	14,000
- Wife / husband relief	4,000
- Payment of alimony/maintenance to former wife	4,000
Disabled spouse elects for joint assessment or spouse not working	5,000

5. Tax rebates for resident individuals - YA 2023

Type of rebates	Amount (RM)
1 Individual's chargeable income does not exceed RM35,000	400
If husband and wife are separately assessed and each chargeable income does not exceed RM35,000	400
If husband and wife are jointly assessed and the joint chargeable income does not exceed RM35,000	(each) 800
2 Rebate for Zakat, Fitrh or other Islamic religious dues paid	Actual amount expended
3 Rebate for departure levy paid for performing umrah and pilgrimage to holy places.	Actual amount expended (twice in a lifetime)

6. Rates of industrial building allowance

Types of building	Rate of initial allowance	Rate of annual allowance
Factory	10%	3%
Building for staff welfare – canteen, restroom, recreation room	10%	3%
Public road & ancillary structures recoverable through toll	10%	6%
Private hospital, maternity home and nursing home	10%	3%
Building used for research	10%	3%
Storage of goods for export/ import and imported goods to re-export	Nil	10%
Building used in approved service project	10%	3%
Hotel	10%	3%
Airport	10%	3%
Motor racing circuit	10%	3%
Living accommodation for employees		
- Constructed building**	40%	3%
<i>** pre-requisite : an industrial building exist</i>		
Constructed building/purchased building	Nil	10%
Child care centre	Nil	10%
School or educational institution	Nil	10%
Building for industrial, technical and vocational training approved by MOF	Nil	10%
Old folks care centre	Nil	10%
Kindergarten	Nil	10%