CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
OCTOBER 2024 SEMESTER

COURSE CODE	:	EBB21003
COURSE NAME	:	INTRODUCTION TO TAXATION
PROGRAMME NAME	:	BACHELOR OF BUSINESS ADMINISTRATION (ISLAMIC FINANCE)
DATE	:	5 FEBRUARY 2025
TIME	:	9.00 AM – 12.00 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 **FIVE (5) 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.**
8. Present and future values tables and formulas have been appended for your reference.

THERE ARE FIFTEEN (15) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided

Question 1

(a) Explain **THREE (3)** circumstances in which an individual person can be subjected to temporary absences.

(3 marks)

(b) Determine **TWO (2)** classes of income as specified under Section 4 of the Income Tax Act 1967.

(2 marks)

(c) Jamadi, a jounalist from Indonesia signed a contract with Karya Pendidik Sdn Bhd located in Bentong, Malaysia since June 2019. He received his employment income on monthly basis. Jamadi has never been in Malaysia before joining Karya Pendidik and his pattern of stays in Malaysia are as follows:

Year	Period of stay	Notes
2019	20/03/2019 – 17/04/2019	1
	18/07/2019 – 31/12/2019	2
2020	01/01/2020 – 28/01/2020	
2021	15/06/2021 – 20/09/2021	
2022	07/08/2022 – 17/11/2022	
2023	01/01/2023 – 30/04/2023	

Notes:
1. Jamadi left Malaysia for his medical treatment from 18 April 2019 to 17 July 2019.
2. He left Malaysia for social visit from 18 December 2019 to 31 December 2019.

Required:

Determine the residence status of Jamadi for the years of assessment 2019 until 2023. Support your answers with relevant sections and reasons.

(10 marks)

[15 marks]

Question 2

Hazrin was appointed as a general manager of Kydro Sdn Bhd on 1 July 2010. He did not own any shares in Kydro Sdn Bhd. In 2024, he received the following remuneration and benefits.

1. Gross monthly salary of RM6,900.

2. He received an entertainment allowance of RM750 per month and travelling allowance of RM1,000 per month.

3. A new car costing RM135,000 was provided by the company together with a driver in 2024. The driver was paid a salary of RM800 per month.

4. Hazrin was provided with a fully furnished house since 1 January 2015. The monthly rental of RM1,700 (including furniture of RM500) was paid by the company.

5. In March 2024, Hazrin brought his family for a holiday in Pulau Redang, Malaysia. The cost to Pulau Redang was at RM3,000 per person (inclusive accommodation and meals). The holiday costs were paid by the company.

6. On 15 June 2024 Kydro Sdn Bhd offered Hazrin the option to purchase 5,000 units of shares at RM2.00 per share. The current market price was RM5.00 per share. Hazrin accepted the option to purchase the shares on 20 August 2024 when the market price was RM7.00 per share.

7. In September 2024, he paid a fee of RM1,000 to attend a marketing seminar related to his work, which was later reimbursed by the company.

8. Hazrin produced travelling bills amounting to RM9,000 and entertainment bills totalling RM8,500 which were fully spent in carrying out his duties.

9. On 15 November 2024, Hazrin was severely injured in an accident and was confirmed to be blind. His employment was terminated on 31 December 2024 and he received RM88,000 in compensation for loss of employment.

Required:

Compute Hazrin's statutory employment income for the year of assessment 2024.

Notes:

- You should use the word 'exempted' or 'nil' where appropriate.
- Use the prescribed value method for benefit in kind.
- Show all the working and notes.

[20 marks]

Question 3

Daud Talib owns a mini bakery known as DT Bakery in Kuala Lipis. DT Bakery closes its account on 31 December annually. The following is the Statement of Profit or Loss for the year ended 31 December 2024 for the business:

DT Bakery

Statement of Profit or Loss for the year ended 31 December 2024

	Note	**RM**	**RM**
Sales			498,000
Cost of sales	1		(130,000)
Gross profit			368,000
Add: Other income			
Rent received		3,400	
Discount received		1,200	
Commission received		2,000	
Gain on disposal of van		1,850	8,450
			376,450
Less: Operating expenses			
Salaries, bonus and EPF	2	86,700	
Transportation	3	3,315	
Water and electricity	4	3,447	
Insurance	5	3,280	
Entertainment	6	2,500	
Fees and donations	7	1,750	
Depreciation		6,000	

Bad debts	8	4,890	
Rates and taxes	9	5,580	
Repair and maintenance	10	7,700	
Rent	11	5,000	(130,162)
Profit before taxation			246,288

Other information:

1. Included in the cost of goods sold was RM1,400 (at cost) of goods taken by Daud. The market value of these goods was 25% more than the cost.

2. The monthly salary for Daud was RM3,000 while the contribution to his EPF was RM500 per month. Two permanent employees in the bakery shop, Alia and Zaki (disabled), received monthly salary of RM1,500 and RM1,200 respectively. Fixed contributions to their EPF of RM300 and RM250 respectively were also made every month. In addition, all three of them received year-end bonuses totaling one-month salary.

3. The carriages inwards and outwards were RM2,120 and RM815 respectively. The transportation cost also included the cost of a flight ticket for Natasha, Daud's daughter, amounting to RM380, paid using the business account.

4. Two thirds (2/3) of the water and electricity expenses were for business use while the balance was paid in relation to the use of water and electricity by the tenants occupying the upper floor of the shophouse.

5. Medical insurance premium for Daud was RM1,200, educational insurance for his children was RM11,320 while the insurance premium paid for the van used in the business was RM760.

6. 30% of the entertainment expenses was spent for hampers given to customers during festive seasons, 50% to sponsor a trip to Langkawi for employees who achieved the sales target and the balance was for entertaining potential clients.

7. The fees and donations consist of:

	RM
Fees paid to trade debts collector	400
Donations to approved institutions	1,000
Penalty for late renewal of business license	250

Business loan application fee	100

8. Half of the bad debts written off were related to trade debts, while the other half consisted of loans to employees.

9. The quit rent for the bakery premise was RM600, road tax for DT's van was RM120 and his income tax penalties was RM4,860.

10. The repair and maintenance costs were for business purposes which included renovation of the reception area in the shop amounting to RM5,000 and purchase of a new oven worth RM2,700.

11. The rent was paid equal for two motorbikes – one was normally used by Zaki to run the business errands and another one was used by Nazli,Daud's son.

12. The balancing charge and capital allowance for the year 2024 amounted to RM1,360 and RM4,000 respectively.

Required:

Compute the statutory business income of DT Bakery for the year assessment 2024.

Notes:

- You should use the word 'exempted' or 'nil' where appropriate.
- Use the prescribed value method for benefit in kind.
- Show all the working and notes.

[20 marks]

Question 4

Masrizal and his wife, Amerlia, are residents in Malaysia for the year 2024. Below is the information regarding their income:

Masrizal

1. Business Income:

	Hye Enterprise
Adjusted income	116,000
Balancing charge	10,500
Capital allowance	11,000

2. Dividend:

	RM
Hawk Skye Bhd (pioneer status)	5,500
Pter (company in Singapore – remitted)	4,400

3. Received interest of RM3,800 from Bank Islam Malaysia Berhad (BIMB).

Amerlia

1. She is an executive officer at a local company, receiving a gross salary of RM5,500 per month.

2. She has an apartment in Batang Kali, Selangor which was rented out starting from 1 February 2024. Below are the information relating to the apartment:

	RM
Monthly rental	1,700
Fire insurance (per annum)	3,000
Quit rent (February to December)	1,000
Cost of installing air condition (in March)	3,200
General repair (in June)	2,000

3. She received a royalty of RM21,000 for translation of books approved by Dewan Bahasa dan Pustaka.

Additional information:

1. Masrizal and Amerlia have three children.

Name	Age	
Aleya	23	Currently studying engineering at UNITAR and married.
Alefa	20	Physically disabled and studying at Universiti Utara.
Alif	12	Studying at primary school.

2. During the year 2024, Masrizal incurred RM5,200 on his mother's medical treatment and paid RM5,000 for his mother-in-law medical expenses.

3. Amerlia spent RM1,050 on books and magazines, but she is only able to produce a receipt of RM990 while Masrizal spent RM500 on books and magazine.

4. Insurance premiums paid by Masrizal and Amerlia were as follows:

Type of insurance	Annual premium paid (RM)	Beneficiary	Paid by
Life	3,000	Aleya	Masrizal
Education	2,500	Alefa	Masrizal
Medical	3,800	Alif and Aleya	Amerlia

5. Amerlia deposited RM7,000 into SSPN for her children.

6. Amerlia purchased a laptop amounting to RM2,400 in December 2024. She also subscribed to the Unifi Premium package at RM144 per month.

7. Amerlia's total claim for dental expenses amounted to RM1,500 for the year. The dental practitioners registered with the Malaysian Dental Council.

8. Amerlia decided to take the influenza vaccine for Aleya and Alefa. The cost of vaccination is RM120 per kid. She also took a pneumococcal booster for herself which cost RM300.

9. Masrizal and Amerlia made some cash donations:

Masrizal	RM6,000 to an old folks home in Jogja, Indonesia
Amerlia	RM2,000 to old folks home in Putra Jaya (an approved organisation)

Required:

Compute the tax payable by Masrizal and Amerlia for year of assessment (YA) 2024, assuming that they choose for separate assessment.

Notes:

- You should use the word 'exempted' or 'nil' where appropriate.
- Use the prescribed value method for benefit in kind.
- Show all the working and notes.

[22 marks]

Question 5

(a) TAL Berguna Sdn. Bhd. is a business dealing in packaging of dairy products since May 2020 and closes its account to 31 December every year. The following are particulars of the assets owned by the company:

Asset	Date of purchase	Mode of payment	Cash price (RM)	Other information
Car	15 August 2022	Cash	157,000	The car was meant for the managers' use. It has been agreed by IRB that 40% of the car was used for private purpose.
Machine	1 May 2023	Cash	60,000	Incurred additional RM5,000 to prepare site for the installation of the machine.
Lorry	1 November 2023	Hire purchase	143,000	Hire purchase price is RM165,000. Deposit paid was RM35,000. The balance will be paid in equal installment over a period of 36 months starting 1 December 2023.

Required:

Compute capital allowance and balancing charge/allowance (if any) for the relevant years of assessment up to year of assessment 2024.

(10 marks)

(b) Bibi and Shafiqah are partners in an event management business since 2018, each of them contributed capital in the amount of RM250,000 and RM210,000 respectively. The accounting year end of the business is 31 December each year.

The terms of their agreement are as follows:

	Bibi	Shafiqah
Profit/loss sharing ratios	As per capital contribution	
Annual interest rate on capital contribution	5%	5%
Annual salary	RM60,000	RM52,800
Annual entertainment allowance	RM12,000	RM9,600
Annual travelling allowance	RM18,000	RM15,000

Additional information:

1. The provisional adjusted income for the year ended 31 December 2024 was RM475,000.

2. The business incurred RM12,000 to repair one of the business equipment on 15 July 2024. This amount was not recorded in the business accounts.

3. The capital allowance on the business assets for the year of assessment 2024 was RM36,000.

4. Shafiqah brought in an additional capital of RM30,000 on 1 September 2024.

5. Approved donations made by the business were RM14,000 to Hospital Kuala Lumpur on 25 June 2024 and RM2,000 to Malaysian Pink Crescent Society on 15 December 2024. Both institutions are approved by the Director General of Inland Revenue (DGIR).

6. Besides receiving income from the partnership, Bibi also received rental income of RM24,000 in the year of assessment 2024.

Required:

Compute the total income for Bibi and Shafiqah for the year of assessment 2024.

(13 marks)
[23 marks]

END OF EXAMINATION PAPER

TAX RATES AND ALLOWANCES

Income tax rates

Tax Schedule 2024

(Individual Residence)

TAX SCHEDULE			
RANGE OF CHARGEABLE INCOME	COMPUTATION RM	RATE %	TAX RM
0 - 5,000	First 5,000	0	0
5,001 - 20,000	First 5,000 Next 15,000	1	0 150
20,001 - 35,000	First 20,000 Next 15,000	3	150 450
35,001 - 50,000	First 35,000 Next 15,000	6	600 900
50,001 - 70,000	First 50,000 Next 20,000	11	1,500 2,200
70,001 - 100,000	First 70,000 Next 30,000	19	3,700 5,700
100,001 - 400,000	First 100,000 Next 300,000	25	9,400 75,000
400,000 - 600,000	First 400,000 Next 200,000	26	84,400 52,000
600,000 – 2,000,000	First 600,000 Next 1,400,000	28	136,400 392,000
Exceeding 2,000,000	2,000,000 For every next ringgit	30	528,400 ………..

Non-residents

Company	24%
Individuals	30%

Reliefs

No.	Individual Relief Types	RM
1	Self and Dependent	9,000

2	Expenses for parents on medical treatment, dental treatment, complete medical examination (*restricted to 1,000*), special needs or carer expenses (evidenced by medical certification)	8,000 (Limited)
3	Basic supporting equipment for disabled self, spouse, child or parent	6,000 (Limited)
4	Disabled Individual	6,000
5	Education Fees (Self) (i) Other than a degree at Masters or Doctorate level-for acquiring law, accounting, Islamic financing, technical, vocational, industrial, scientific or technological skills or qualifications; (ii) Degree at Masters or Doctorate level-for acquiring any skills or qualification (iii) Course of study undertaken for the purpose of upskilling or self enhancement *(restricted to 2,000)*	7,000 (Limited)
6	Medical expenses on: (i) Serious diseases for self, spouse or child (ii) Fertility treatment for self or spouse (iii) Vaccination for self, spouse and child *(restricted to 1,000)*	
7	Expenses (*Restricted to 1,000*) on: (i) Complete medical examination for self, spouse or child (ii) COVID-19 detection test including purchase of self-detection test kit for self, spouse or child (iii) Mental health examination or consultation for self, spouse or child (iv) Dental examination or treatment by dental practitioners registered with the Malaysian Dental Council for self, spouse or child	10,000 (Limited)
8	Expenses (*Restricted to 4,000*) on child of the age of 18 years and below: (i) Assessment for the purposes of diagnosis of learning disability (ii) Early intervention programme or rehabilitation treatment for learning disability	
9	Purchase of breastfeeding equipment for own use for a child aged 2 years and below	1,000 (Limited)
10	Net saving in SSPN's scheme (total deposit in year 2024 **MINUS** total withdrawal in year 2024)	8,000 (Limited)
11	Child care fees to a Child Care Centre or a Kindergarten	3,000 (Limited)
12	Lifestyle: (i) Purchase or subscription of books/journals/magazines/newspapers/ other similar publications (Not banned reading materials)	2,500 (Limited)

	(ii) Purchase of personal computer, smartphone or tablet (iv) Payment of monthly bill for internet subscription (Under own name) (iv) Fees for any other upskilling or self-enhancement courses	
13	Sports Equipment and Activities relief for own use, spouse or child: (i) Cost of purchasing sports equipment, entry / rental fees for sports facilities and registration fees for sports competition (ii) Gym membership fees (iii) Sports training fees charged by registered sports clubs / societies / companies	1,000 (Limited)
14	Husband/Wife/Alimony Payments	4,000 (Limited)
15	Disable Wife/Husband	5,000
16	Ordinary Child relief	2,000
17	Each unmarried child of 18 years and above who is receiving full-time education ("A-Level", certificate, matriculation or preparatory courses).	2,000
18	Each unmarried child of 18 years and above that: (i) receiving further education in Malaysia in respect of an award of diploma or higher (excluding matriculation/preparatory courses) (ii) receiving further education outside Malaysia in respect of an award of degree or its equivalent (including Master or Doctorate). (iii) the instruction and educational establishment shall be approved by the relevant government authority	8,000
19	Disabled child Additional exemption of RM8,000 disable child age 18 years old and above, not married and pursuing diplomas or above qualification in Malaysia @ bachelor degree or above outside Malaysia in program and in Higher Education Institute that is accredited by related Government authorities	6,000
20	Life insurance premiums or voluntary contributions to Employee Provident Fund (EPF) or for both *(Restricted to 3,000)* Voluntary or obligatory EPF contributions and contributions to pension schemes by individuals or public servants *(Restricted to 4,000)*	7,000 (Limited)
21	Education and medical insurance	3,000 (Limited)
22	Private retirement scheme contributions and deferred annuity scheme premiums (until YA 2025, *extended to YA 2030*)	3,000 (Limited)
23	Contribution to the Social Security Organization (SOCSO)	350 (Limited)

24	Payment of installation, rental, purchase including hire-purchase of equipment or subscription for use of electric vehicle charging facility for own vehicle (Not for business use) – until 2027	2,500 (Limited)

Rebates

Chargeable income not exceeding RM35,000	RM
Individual	400
Individual entitled to a deduction in respect of a spouse or a former wife	400

Value of benefits in kind

Car scale

Cost of car (When new) RM	Prescribed annual value of private usage of car (RM)	Fuel per annum
Up to 50,000	1,200	600
50,001 to 75,000	2,400	900
75,001 to 100,000	3,600	1,200
100,001 to 150,000	5,000	1,500
150,001 to 200,000	7,000	1,800
200,001 to 250,000	9,000	2,100
250,001 to 350,000	15,000	2,400
350,001 to RM500,000	21,250	2,700
RM500,001 and above	25,000	3,000

- The value of the car benefit equal to half the prescribed annual value (above) is taken if the car provided is more than **five (5)** years old.

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

Capital allowances

	Initial allowance (IA), Rate %	Annual allowance (IA), Rate %
Industrial Buildings	10	3
Plant and machinery – general	20	14
Motor vehicles and heavy machinery	20	20
Office equipment, furniture and fittings	20	10