



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2024 SEMESTER**

COURSE CODE	: EAB20903
COURSE NAME	: TAXATION 1
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 8 FEBRUARY 2025
TIME	: 2.00 PM – 5.00 PM
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES

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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.
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THERE ARE SIXTEEN (16) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

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(Total: 100 marks)

INSTRUCTION: Answer ALL questions.**Please use the answer booklet provided.****Question 1**

Don Go-geun has been employed by Lotte Corporation, a South Korea's largest food business group, since 2018. On 1 May 2019, her employer assigned her as a site supervisor to oversee a construction project in Malaysia in preparation for opening a restaurant outlet in Kuala Lumpur. Don Go-geun arrived in Malaysia on 25 June 2019 for a short holiday in Pulau Perhentian before starting her supervisory work on 1 July 2019. She stayed in Malaysia until 30 March 2024. Below is the information related to Don Go-geun's period of stay in Malaysia from 2019 until 2024:

Period of Stay	Note
25 June 2019 to 22 December 2019	In Malaysia
23 December 2019 to 15 January 2020	In South Korea (Visited father who was seriously ill)
16 January 2020 to 14 July 2020	In Malaysia
15 July 2020 to 31 March 2021	In South Korea (Personal matter)
1 April 2021 to 31 July 2021	In Malaysia
1 August 2021 to 30 September 2021	In Australia (Holidays with family)
1 October 2021 to 30 November 2021	In Malaysia
1 December 2021 to 2 January 2022	In South Korea (Personal matter)
3 January 2022 to 11 June 2022	In Malaysia
12 June 2022 to 25 June 2022	In New Zealand (Work Purpose)
26 June 2022 to 31 December 2022	In South Korea (Visited mother who was seriously ill)
1 January 2023 to 15 April 2023	In Malaysia
16 April 2023 to 18 May 2023	In Singapore (Holidays with family)
19 May 2023 to 7 June 2023	In Malaysia
8 June 2023 to 14 October 2023	In China (Work Purpose)
15 October 2023 to 28 November 2023	In Malaysia

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29 November 2023 to 31 December 2023	In Thailand (Holidays with family)
1 January 2024 to 30 March 2024	In Malaysia

Required:

- a) Based on Don Go-geun's pattern of stay, determine her tax resident status in Malaysia from 2019 to 2024 by citing relevant provision of the Malaysia Income Tax Act 1967.
- b) Explain to Don Go-geun what are the implications for late payment of outstanding income tax under the Malaysian Income Tax Act 1967.

(12 marks)

(3 marks)

[15 marks]**Question 2**

Syed Aizril is an accountant with Delisha Consulting Sdn Bhd, a Malaysian-based company since 1 December 2009. On 1 January 2019, he was promoted as a Finance Director and transferred to the head office located in Kuala Lumpur. However, due to the restructuring of the company, his service was terminated by the company on 31 October 2024. Upon termination, he received compensation for loss of employment and gratuity of RM150,000 and RM96,000 respectively. Details of his remunerations and benefits received from the company for the year 2024 were as follows:

1. A monthly gross salary of RM15,000. He was entitled to a bonus of RM25,000, which was paid in February 2024.
2. Entertainment allowance of RM1,000 per month. It was established that 85% of the entertainment allowance was for official purposes.
3. Monthly travelling allowance of RM1,500. During the year, he incurred RM16,000 in travelling expenses for his official duties.
4. Syed Aizril's employer paid the schooling fees for his child. The annual school fees amounted to RM13,000.

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5. Syed Aizril was provided with a fully furnished bungalow in Petaling Jaya by Delisha Consulting Sdn Bhd until September 2024. The monthly rental of RM10,500, which includes RM1,200 for furnishings was paid by Delisha Consulting Sdn Bhd. In 2024, the employer paid RM1,300 per month for the services of a part-time domestic maid.
6. A new Honda Civic car costing RM180,000 (together with fuel) has also been provided to Syed Aizril since 2020. Delisha Consulting Sdn Bhd has reimbursed Syed Aizril RM11,250, being the cost of employing a driver.
7. In June 2022, Delisha Consulting Sdn Bhd gave Syed Aizril an option to acquire 10,000 ordinary shares in Delisha Consulting Sdn Bhd at a nominal sum of RM1.00 per share. The shares had a market value of RM4.00 at the time of option. Syed Aizril exercised the option and sold the shares for RM4.60 per share in August 2024.
8. Medical benefits under his company's group insurance scheme. He claimed reimbursement of medical costs amounted to RM4,900 from this scheme. The details of the bill showed that the amount was related to his wife and his children.
9. Delisha Consulting Sdn Bhd paid a total of RM1,000 for the telephone bills registered under his name in June 2024.
10. In 2024, two leave passages were provided by Delisha Consulting Sdn Bhd to travel to Penang and Sydney for RM3,000 and RM15,000 respectively.
11. In January 2024, Delisha Consulting Sdn Bhd paid for the entrance fee of RM3,500 to a local sports club (individual membership) for Syed Aizril.

Required:

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

(20 marks)

[20 marks]

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Question 3

Fakhri is the owner of Sentap Enterprise. The following is the statement of comprehensive income of the business for the year ended 31 December 2024:

	Note	RM	RM
Sales			520,000
Less: cost of sales			(125,000)
Gross profit			<u>395,000</u>
Add: other income			
Rental income	1		28,800
			<u>423,800</u>
Less: expenses			
Salary, bonus and EPF	2	130,760	
Rental	3	50,400	
Purchase of equipment		23,700	
Insurance	4	15,800	
Bad debts	5	20,000	
Miscellaneous expenses	6	21,100	
Medical expenses	7	5,500	
Professional fees	8	6,280	
Donations	9	7,900	
Entertainment	10	8,400	
Lease rental	11	72,000	
Bank charges	12	6,000	
Depreciation		9,200	
			<u>(377,040)</u>
Net profit			<u><u>46,760</u></u>

Notes to the accounts:

1. Rental income was received from an apartment rented out to Chua.

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2. Salaries, bonus and EPF:

	Salaries	Bonus	EPF
	RM	RM	RM
Fakhri	48,000	8,000	6,160
Shukri (disabled employee)	9,600	1,500	2,000
Riyyan and Zaidi (employee)	42,000	4,400	9,100
	<u>99,600</u>	<u>13,900</u>	<u>17,260</u>

3. Fakhri rented a 3-storey shop house at Jalan Bahagia. The ground and first floor were used for his business and his daughter's business respectively. The second floor was occupied by Fakhri's family.

4. Insurance includes a premium of RM8,800 in respect of export credit insurance premium paid to the Sampo Export Import Insurance Berhad.

5. Bad debts comprise:

	RM
Trade bad debt	5,000
Specific provision for doubtful debts	8,000
General provision for doubtful debts	7,000
	<u>20,000</u>

6. Miscellaneous expenses comprise:

- i) Entrance fees of RM7,500 in respect of Trade Association.
- ii) Annual fee to the Trade Association, RM1,900.
- iii) A sum of RM11,700 embezzled by the purchasing director.

7. Medical expenses comprise:

	RM
Adam (Fakhri's son)	800
Employees	4,700
	<u>5,500</u>

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8. Professional fees comprise:

	RM
Legal fee to purchase a land	3,500
Accounting fee	2,780
	<u>6,280</u>

9. Donations comprise:

	RM
Cash Donation to Rumah Anak Yatim Perkaya (approved)	2,900
Business zakat	5,000
	<u>7,900</u>

10. Entertainment comprises:

	RM
Annual dinner for employees	2,900
Refreshment for potential client	1,300
Free calendar with business logo to customers	4,200
	<u>8,400</u>

11. The lease rentals commenced on 9 November 2022 at RM6,000 per month in respect of a car leased by the company. The cost of the car when new was RM148,000.

12. Included in the bank charges was interest of RM460 charged on his wife personal loan.

13. Capital allowances:

	RM
Brought forward from the year of assessment 2023	29,200
Current year of assessment	23,600

Required:

Starting with net profit, compute the statutory business income of Fakhri for the year of assessment 2024. (Indicate 'nil' for any item(s) that does not require any adjustment).

(21 marks)

[21 marks]

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Question 4

- A. Puncak Gemilang Sdn Bhd (PGSB) is involved in the manufacturing of office equipment. The company closes its accounts on 31 December each year. Capital expenditures incurred by the company are as follows:

Motor Vehicles

A motor van was purchased on 2 March 2022 for commercial purpose. The details of the motor van are as follows:

Hire purchase price	RM95,000
Cash price	RM85,000
Deposit paid on 2 March 2022	RM5,000
Hire purchase repayable (first instalment starts on 25 April 2022)	20 months

Required:

Compute the capital allowances, balancing allowance/balancing charge, and residual expenditure for the motor vehicle for the relevant years of assessment up to the year of assessment 2024.

(7 marks)

- B. Synergy Sdn Bhd (SSB) is a Malaysian tax resident company that was incorporated on 20 June 2017, with an initial paid-up capital of RM3 million. Its primary business activity is the manufacturing of solar panels, which commenced on 1 July 2020, after completing the construction of a factory building in Malacca. SSB's financial year ends on 31 March. SSB incurred the following expenses related to the construction of its factory.

Date of completion	Expenditure	RM
1 September 2017	Land and related legal fees	1,800,000
15 May 2020	Construction factory building	2,600,000

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82% of the total floor area of the factory building was utilized as manufacturing facility, 10% was designated for a canteen, and the remaining 8% was allocated for the office and showroom.

On 1 July 2021, SSB acquired two buildings for the purpose of its business. The first building, costing RM600,000, is being used for the storage of finished goods for export. Meanwhile, the second building, costing RM800,000, is being utilized for in-house approved research.

On 1 February 2023, SSB invested in a new machinery costing RM90,000, which was installed in its Malacca factory. There was an additional expenditure of RM300,000 for levelling of the land to prepare the site for the installation of this machine.

In September 2023, SSB disposed of both the land and the factory building for a total consideration of RM5,000,000, which includes RM2,000,000 being the consideration for the land.

Required:

- a) Compute the industrial building allowances or charges for each of the relevant year of assessment (from year of assessment 2021 to year of assessment 2024) in respect of the factory building and the balancing allowance or balancing charge on the disposal of the factory building by SSB.

(6 marks)

- b) Compute the industrial building allowances for first year of assessment in respect of the following assets purchased by SSB.

- i) Building for storage of finished goods for export.

(2 marks)

- ii) Building for in-house approved research.

(2 marks)

- iii) Machinery and preparation of site to install the machinery.

(4 marks)

[21 marks]

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Question 5

Encik Sulaiman Akhlaken, who is a Malaysian resident, married to a non-working wife and have three children. Encik Sulaiman Akhlaken works as a Finance Manager at Bluetone Berhad. He is a Malaysian tax resident for the year of assessment 2024. He has served the company for 15 years. The details of his remuneration for the year 2024 are as follows:

1. A monthly salary of RM11,570 after EPF deduction of 11%.
2. Bonus amounting RM15,000.
3. A monthly travelling allowance of RM700.
4. A monthly entertainment allowance of RM350.

He commenced a computer shop business on 1 July 2024. The adjusted income from the computer business for the period ended 31 December 2024 is RM110,000. For the year of assessment 2024, the capital allowances were RM12,000 and balancing charge was RM6,000.

He has another business (a pet shop) of which the adjusted loss is RM5,000 and the unabsorbed business loss is RM7,000.

Encik Sulaiman Akhlaken owns one real property and the rental status of this property for the year ended 31 December 2024 are as follows:

1. Bungalow (acquired in August 2021 and first rented out in July 2023)

	RM
Income:	
January 2024 to May 2024 (RM1,500 per month)	7,500
June 2024 to July 2024 (vacant)	Nil
August 2024 to December 2024 (RM1,800 per month)	9,000
Expenses	
Quit rent and assessment	400
Installation of security alarm system	1,600
Fire insurance premium	1,500
Extension of kitchen	5,000

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Other income received by Encik Sulaiman Akhlaken are as follows:

1. Interest income received on fixed deposits with CIMB Bank amounting to RM4,500.
2. Dividend received from TM Berhad (single-tier dividend) amounting to RM2,000.
3. Royalty from the publisher of his book on cooking amounting to RM22,500.
4. He also receives RM15,500 fees from translation of literary works at the specific request of the Ministry of Higher Education.

The couple have three unmarried children. Their particulars are as follows:

1. The first child, Abdul Wahid (23 years old) studied at Nilai college in preparation for the ACCA examination.
2. The second child, Abdul Wahab (born on Jan 2004) underwent matriculation studies at University Malaya.
3. The youngest child, Miasarah, aged 4 is a disabled child, was sent to a registered kindergarten catering for special children.

Additional information relating to Encik Sulaiman Akhlaken during the year 2024 is as follows:

1. Encik Sulaiman Akhlaken paid RM5,000 and RM8,000 respectively for life and medical insurance policy for himself taken since year 2019.
2. Encik Sulaiman Akhlaken's father who was diagnosed as a heart disease patient in early 2024 and received medical treatments in a private hospital in Kuala Lumpur. The medical expenses amounting to RM50,000 were borne by Encik Sulaiman Akhlaken.
3. Encik Sulaiman Akhlaken deposited RM5,500 into Skim Simpanan Pendidikan Nasional for Miasarah in 2024.
4. Encik Sulaiman Akhlaken purchased a new iPhone worth RM3,500 for himself. Besides, he also bought books and magazines costing RM1,500 for his children.
5. Encik Sulaiman Akhlaken incurred expenses of broadband subscription (under Encik Sulaiman Akhlaken's name) of RM1,800.
6. Encik Sulaiman Akhlaken spent RM1,250 to acquire sports equipment for which he was able to produce receipts.
7. In September 2024, Encik Sulaiman Akhlaken incurred vaccination expense for influenza amounted to RM500 for his youngest daughter, Miasarah.
8. Encik Sulaiman Akhlaken donated RM12,000 in cash to Rumah Anak Yatim Nilai an approved institution) in December 2024.

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9. Encik Sulaiman Akhlaken paid zakat amounting to RM15,000 and zakat fitrah of RM105 for the basis year 2024.

Required:

Compute the total income, chargeable income and tax payable of Encik Sulaiman Akhlaken for the year of assessment 2024.

(23 marks)

[23 marks]

END OF EXAMINATION PAPER

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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	1	0
	Next 15,000		150
20,001 - 35,000	First 20,000	3	150
	Next 15,000		450
35,001 - 50,000	First 35,000	6	600
	Next 15,000		900
50,001 - 70,000	First 50,000	11	1,500
	Next 20,000		2,200
70,001 - 100,000	First 70,000	19	3,700
	Next 30,000		5,700
100,001 - 400,000	First 100,000	25	9,400
	Next 300,000		75,000
400,000 - 600,000	First 400,000	26	84,400
	Next 200,000		52,000
600,000 – 2,000,000	First 600,000	28	136,400
	Next 1,400,000		392,000
Exceeding 2,000,000	2,000,000	30	528,400
	For every next ringgit		

Non-residents

Company	24%
Individuals	30%

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Reliefs

No.	Individual Relief Types	RM
1	Self and Dependent	9,000
2	Expenses for parents on medical treatment, dental treatment, complete medical examination (<i>restricted to 1,000</i>), 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 (<i>restricted to 2,000</i>)	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 (<i>restricted to 1,000</i>)	10,000 (Limited)
7	Expenses (<i>Restricted to 1,000</i>) 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	
8	Expenses (<i>Restricted to 4,000</i>) 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)

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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) (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	2,500 (Limited)
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	6,000

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	in Higher Education Institute that is accredited by related Government authorities	
20	Life insurance premiums or voluntary contributions to Employee Provident Fund (EPF) or for both (<i>Restricted to 3,000</i>)	7,000
	Voluntary or obligatory EPF contributions and contributions to pension schemes by individuals or public servants (<i>Restricted to 4,000</i>)	(Limited)
21	Education and medical insurance	3,000 (Limited)
22	Private retirement scheme contributions and deferred annuity scheme premiums (until YA 2025, <i>extended to YA 2030</i>)	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.

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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

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