UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2025 SEMESTER

COURSE CODE	:	EAB20903
COURSE NAME	:	TAXATION 1
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	30 JUNE 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.**

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

Jonathan is an artist from Hollywood. He came to Malaysia in 2018 for a 3½-month photo shoot and returned to the United States after completing his assignment. He was paid RM50,000 for the job. In October 2019, Jonathan signed a five-year contract with a Malaysian film company. He arrived in Malaysia on 1 November 2019 to participate in a movie filming.

Below is the information related to Jonathan's period of stay in Malaysia from 2019 until 2024:

10 November 2019 to 21 December 2019	In Malaysia
22 December 2019 to 2 January 2020	In United States to spend Christmas and New Year holiday
3 January 2020 to 4 August 2020	In Malaysia
5 August 2020 to 3 April 2021	In United States for personal matters
4 April 2021 to 30 September 2021	In Malaysia
1 October 2021 to 7 April 2022	In Canada for a holiday
8 April 2022 to 31 May 2022	In Malaysia
1 June 2022 to 17 November 2022	In United States for personal matters
18 November 2022 to 21 December 2022	In Malaysia
22 December 2022 to 4 January 2023	In China for a holiday
5 January 2023 to 27 February 2023	In Malaysia
28 February 2023 to 11 February 2024	In United States for personal matters
12 February 2024 to 20 August 2024	In Malaysia

Required:

Determine the residence status of Jonathan for the relevant years of assessment until the year of assessment 2024. State the relevant sections and the reasons for your answers.

[10 marks]

Question 2

Amirudin, an architect and a Malaysian tax resident, has been working with Island and Peninsular Berhad (IPB) for 18 years. He had been working in Canada but was posted back to Malaysia on 1 January 2024. He submitted the following information about his income from the company in his tax return for the year 2024.

	RM
Salary	16,000 per month
Bonus (received on 29 February 2024)	48,000
Travelling allowance	1,200 per month
Entertainment allowance	1,500 per month
Tuition fees for his child	12,000
Meal allowance	500 per month
The Rolex watch was provided by the company as a gift	18,500

Amirudin was also given the following benefits:

1. A fully furnished bungalow located at Ampang until 30 November 2024. The company paid a monthly rental of RM10,500 which includes RM2,500 for furniture.
2. Services of a full-time household servant and a gardener.
3. He was granted the option on 1 February 2023 to purchase 15,000 units of the company's shares at a price of RM1.20 per unit. He exercised this option on 1 June 2024. The market value of the share in 1 February 2023 was RM4.00 per unit. The market value on 1 June 2024 was RM2.50 per unit.
4. A new Toyota car costing RM180,000 was bought in 2023 by the company, and fuel was also provided.
5. During the year, Amirudin employed a driver and paid an annual salary of RM13,000, which was reimbursed by IPB.
6. Amirudin retired on 31 December 2024 upon reaching the compulsory retirement age and received a gratuity of RM220,000.
7. Phone bills for Amirudin's mobile phone, registered under IPB, were paid by the company from January to December 2024 amounting to RM3,000.
8. The company also paid for an individual and a corporate membership in two recreation clubs, with monthly subscription of RM200 and RM300 respectively.
9. He also made a lump-sum withdrawal of RM140,000 from an unapproved fund of which 45% represents the employee's contribution.

10. In 2024, IPB provided leave passage for two trips, Penang and Sydney, costing RM3,000 and RM15,000 respectively.
11. In August 2024, Amirudin had underwent a spine surgery at Prince Court Medical Centre costing RM50,000. The bill was paid by IPB.
12. Amirudin produced bills of RM14,500 for travelling expenses and RM20,000 for entertaining clients, all of which incurred for carrying out his official duties.
13. For the house provided by the company, Amirudin was required to pay nominal rent of RM500 per month.

Required:

Compute the statutory employment income of Amirudin year of assessment 2024.

[22 marks]

Question 3

(a) Orkid operates a restaurant business in Kelana Jaya. The following is the summarized Statement of Comprehensive Income of her business for the year ended 31 December 2024.

	Notes	RM	RM
Sales			614,000
Less: Cost of sales			(120,000)
Gross profit			494,000
Add: Other income			
Add: Interest	1		4,250
Gain from sale of equipment			250
			498,500
Less: Expenses			
Staff remuneration	2	(63,450)	
Insurance	3	(2,000)	
Finance charge	4	(2,000)	
Entertainment expense	5	(30,500)	
Repairs and maintenance	6	(15,000)	
Bad debts	7	(6,250)	
Fees and donations	8	(10,650)	
Utilities expense	9	(6,000)	
Depreciation expenses		(7,500)	(143,350)
Net profit			355,150

Additional notes:

1. Interest received from Orkid's savings in CIMB Berhad.

2. Staff remuneration consists of:

	Salary (RM)	Bonus (RM)	EPF (RM)
Orkid	6,750	17,000	4,500
Nazman and Noreen	18,000	5,000	4,495
Nasir (Disabled)	5,700	1,000	1,005
	30,450	23,000	10,000

3. Insurance of RM2,000 includes the following:

	RM
Medical insurance for Orkid's daughter	750
Fire insurance for business premises	1,250

4. Finance charge includes interest expense on loans taken in respect of the following:

	RM
Renovation of Orkid's house	500
Short term loan interest to finance business operation	1,500

5. Entertainment expense includes the following:

	RM
Corporate membership to Trade association- annual fee	12,500
Entertainment expenses to staff and clients	9,500
Lucky draw prizes to customers	3,000
Gifts with business logo for customer's annual dinner	4,000
Lunch & dinners for potential customers	1,500

6. Repairs and maintenance comprises the following:

	RM
Machinery and vehicle maintenance	10,000
Repairs to parking area (Orkid's house)	500
Office renovation & improvement	4,500

7. The bad debts account consists of the following:

	RM
Uncollectible catering fees	3,500
Personal car loan to an ex-employee written off	2,000
General provision for doubtful debts	750

8. Fees and donations of comprises the following:

	RM
Legal fees incurred for new lease agreement for machinery	3,750
Cash donations for to public library	4,400
Contribution of equipment for community project	2,500

9. Utilities was RM6,000. Half (½) of the rental expense is for the business premises, while the other half (½) is rental for Orkid's apartment in Cheras.

10. The capital allowance for the year of assessment 2024 was RM3,000 and the balancing charge was RM800.

11. During the year, Orkid provided free catering services for her cousin's wedding, which had an estimated market value of RM5,000.

Required:

Compute the statutory business income of Orkid for the year of assessment 2024. Indicate NIL where no adjustment is required.

(19 marks)

(b) Gemilang Sdn Bhd purchased a machine costing RM220,000 on 9 September 2022. After being used, the machine was sold to Yakin Sdn. Bhd. for RM101,000 on 17 July 2024. Both companies are under the control of Axiata Bhd., and the accounts of both companies close on 31 December every year.

Required:

i) Calculate the initial allowances, capital allowances and the residual expenditure of Gemilang Sdn. Bhd,'s asset at the end of the relevant year of assessments.

(6 marks)

ii) Determine the disposal price for Gemilang Sdn. Bhd.'s assets disposal in 2024.

(3 marks)

iii) Calculate the balancing allowance or balancing charge in respect of the asset disposed of in 2024.

(2 marks)

[30 marks]

Question 4

Encik Rafiq works as a diving superintendent in an oil and gas company based in Kuala Lumpur. He is married to a non-working wife and has four unmarried children. He is a Malaysian tax resident for the year of assessment 2024 and has served the company for 18 years. According to his employment contract, Encik Rafiq's monthly salary is RM12,000. In 2024, he also received a monthly travelling allowance of RM1,000 and an entertainment allowance of RM1,200.

Encik Rafiq commenced a grocery shop business on 1 July 2024. The adjusted income from this business for the period ended 31 December 2024 was RM90,000. For the year of assessment 2024, the capital allowances amounted to RM8,000, while the balancing charge was RM5,000. He also owns a restaurant, which recorded an adjusted loss of RM15,000 and has an unabsorbed business loss of RM6,000.

Encik Rafiq owns two real properties, and the rental status of these properties for the year ended 31 December 2024 is as follows:

	Superlink house	**Condo**
	RM	**RM**
Gross rental income per month:		
January 2024 to April 2024	4,000	Vacant
May 2024 to December 2024	5,000	3,000 (first time let out)
Expenses incurred (per annum):		
Assessment and quit rent	2,600	1,400
Fire insurance	1,900	1,000
Advertising (to secure the first tenant)	-	2,000
Commission to the estate agent	-	3,000
Bank loan interest	8,700	6,000
Renovation	-	25,000
Repair the kitchen in November 2024	-	7,500

Other incomes received by Encik Rafiq are as follows:

1. Interest income received on fixed deposits with Maybank amounting to RM4,500.
2. Dividend received from Celcom Berhad (single-tier dividend) amounting to RM2,000.

The particulars of their children are as follows:

1. The first child, Tanjung (23 years old) studied at Universiti Kebangsaan Malaysia.
2. The second child, Jebat (18 years old) underwent matriculation studies at Universiti Putra Malaysia.
3. The third child, Anggerik, who is 14 years old, is attending a secondary school.
4. The youngest child, Tuah, aged 5 is a disabled child, who was sent to a registered kindergarten for special children.

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

1. He contributed 11% of his gross salary to the Employees' Provident Fund.
2. He paid RM4,800 and RM5,000, respectively, for his own life and medical insurance policy, which he undertook since 2019.
3. His father, who is a diabetes patient, underwent treatment at a private hospital in Selangor. He spent RM30,000 on the medical bills for his father.
4. He spent RM3,000 to purchase a mechanical watch for his wife for her birthday.
5. He incurred RM5,000 on fertility treatment for his wife.
6. He spent RM1,100 to purchase sports equipment listed under the Sports Development Act 1997.
7. He purchased a new iPad worth RM3,000 for himself. Besides, he also bought books and magazines costing RM1,600 for his family.
8. He incurred expenses of a broadband subscription (under Encik Rafiq's name) of RM800.
9. He deposited RM5,500 into Skim Simpanan Pendidikan Nasional for Tuah in 2024.
10. In September 2024, Encik Rafiq incurred vaccination expense of RM500 for influenza for his youngest son, Tuah.
11. He donated goods worth RM10,000 and cash of RM35,000 to approved charitable organisations in Malaysia.
12. He paid zakat of RM14,000 and zakat fitrah of RM132 for the basis year 2024.

Required:

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

[25 marks]

Question 5

(a) Fakhrul and Zahar are partners of a cleaning service, FZ Cleaning Services PLT, located in Bangsar, Kuala Lumpur. They are tax residents of Malaysia. Fakhrul is married to Imaan and they have one child (below 18 years old). Imaan has no taxable income for the year ended 31 December 2024. Zahar is single.

Based on the limited liability partner agreement, Fakhrul and Zahar each received an equal monthly salary of RM10,000 (with equal partner's EPF and SOCSO contributions) from FZ Cleaning Services. Each of them also received the following from FZ Cleaning Services for the year ended 31 December 2024:

1. Car allowance of RM3,600 per annum
2. Housing allowance of RM6,000 per annum
3. Monthly allowance for home utilities (water and electricity) of RM200

Statement of comprehensive income of FZ Cleaning Services for the year ended on 31 December 2024

	RM '000	RM '000
Revenue from cleaning services		1,400
Less: Expenses		
Partner's salaries	(240)	
Partner's EPF and SOCSO contributions	(30)	
Worker salaries, wages and related expenses	(360)	
Business operation expenses	(70)	
Private tuition fees (Fakhrul's child)	(10)	
Food donation to an approved charity home	(20)	
Depreciation	(40)	(770)
Net profit before taxation		630

On 30 August 2024, FZ Cleaning Services acquired two cleaning machines costing RM260,000. The total capital allowance for 2024 is RM150,000 (excluding the two cleaning machines purchased on 30 August 2024).

The unabsorbed capital allowance of RM80,000 was brought forward from the previous year of assessment.

Required:

i) Compute the chargeable income of FZ Cleaning Services for the year of assessment 2024.
All items stated in the statement of comprehensive income are to be included in the computation. Start with net profit before tax and indicate 'nil' under the appropriate column, where no tax adjustment is required.

(7 marks)

ii) Assuming Fakhrul and Zahar are to convert their conventional partnership to a limited liability partnership. Explain any **THREE (3)** differences in the tax treatments in respect of a conventional partnership and a limited liability partnership.

(6 marks)

[13 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)*	10,000 (Limited)
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	
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) (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 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)*	7,000 (Limited)
	Voluntary or obligatory EPF contributions and contributions to pension schemes by individuals or public servants *(Restricted to 4,000)*	
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