



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2025 SEMESTER**

COURSE CODE : EAB21204
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.
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THERE ARE THIRTEEN (13) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided

Question 1

- (a) State **THREE (3)** classes of income and the relevant sections that are chargeable to tax under Section 4 of the Income Tax Act 1967.
(3 marks)
- (b) Explain **TWO (2)** circumstances which the Director General of Inland Revenue Board can issue an advance assessment to a taxpayer.
(4 marks)
- (c) Identify **FOUR (4)** offences committed by the taxpayer that are liable to penalties.
(4 marks)
- [11 marks]**

Question 2

Mega Kelana Sdn. Bhd. (MKSB) is in the manufacturing business. It was incorporated on 1 April 2020 and prepares its accounts annually to 31 December. Due to an increase in demand for canned food in both the local and export markets, MKSB undertook a major development of its physical business structure.

During the year 2022, the company incurred RM3 million, which included RM500,000 for the cost of land and stamp duty related to the purchase of land, to construct a manufacturing complex divided into 3 sections: factory (85%), office (10%) and showroom (5%).

Additionally, the company constructed a building 20 kilometres away from the factory area to store the exported goods, at a cost of RM230,000 which was ready for use in YA2022.

The company also purchased a vehicle on hire purchase that will be used by the director under the following terms:

Cash price	RM180,000
Deposit	RM30,000 paid on 15 May 2022
Instalment	RM3,000 for 60 months
First instalment	25 June 2022

A machine was completely destroyed in April 2024. The company received insurance money amounting to RM39,000. The market value of the machine at the time of its destruction was RM44,000. As of 31 December 2023, the residual expenditure was RM22,800, and the total capital allowances previously claimed by the company amounted to RM20,400.

A special machine was later installed in the factory in May 2024. The cost of the machine was RM95,000. The cost for clearing land to prepare a site for the installation of the machine amounted to RM205,000. The incidental cost totalled RM15,000.

In September 2024, the company disposed of the vehicle valued at RM100,000.

Required:

- (a) Compute the capital allowance, industrial building allowance balancing charge/allowances (if any) for the relevant year of assessments until year of assessment 2024.

(19 marks)

- (b) State **THREE (3)** qualifying criteria in order to claim capital allowances.

(3 marks)

[22 marks]

Question 3

Syaza, Mimi and Lara have been partners since 2020, operating in flower and interior design under the name SyaMiLa Enterprise. The business accounting year ends on 31 December each year. Their contributed capital amounted to RM100,000, RM60,000 and RM140,000 respectively. On 31 July 2024, Mimi retired from the partnership business. The information regarding the partnership business for the year ending 31 December 2024 is as follows:

	Syaza	Mimi	Lara
	RM	RM	RM
Interest on capital	5% p.a	5% p.a.	5% p.a.
Monthly salaries	2,500	2,000	2,000
Profit sharing ratio (until 31 July 2024)	40%	10%	50%
Monthly food allowance paid to partners	400	250	450
Reimbursement to partners:			
To repair private cars	800	1,000	1,400

Other information:

1. The provisional adjusted income of the partnership amounted to RM450,248.
2. The partnership donated RM12,000 to Rumah Anak Yatim Harapan (an approved institution) on 1 April 2024.
3. After Mimi's retirement, Syaza contributed on additional RM10,000 as capital. Syaza and Lara decided to share profit and losses based on their capital contribution, while the other terms of partnership remain unchanged.
4. For the year ending 31 December 2024, capital allowances available to the partnership business were RM30,000.
5. Lara opened her own "Salon Lara" in June 2024. For the year ended 31 December 2024, the business reported on adjusted loss of RM6,000.
6. Syaza received an honorarium of RM10,000 from a local media agency for her role as a host in a television program.

Required:

Compute the total income for Syaza, Mimi and Lara for the Year of Assessment 2024. (Show all workings).

(18 marks)

Question 4

Encik Ikram operates a mini market under the name of Ikram Mini Mart in Kuantan, Pahang. The following is the Trading Profit and Loss Account for the year ended 31 December 2024.

Ikram Mini Mart			
Trading Profit and Loss Account for the year ended 31 December 2024			
	Note	RM	RM
Sales			350,800
Less: Cost of Goods Sold	1		(235,400)
Gross Profit			<u>115,400</u>
Add:			
Gain on sale of vacant land	2	60,000	
Dividend	3	2,000	
Interest received from money deposited in CIMB Bank		500	
			<u>62,500</u>
			<u>177,900</u>
Less: Operating Expenses			
Miscellaneous	4	4,200	
Donations	5	3,500	
Leasing	6	33,600	
Entertainment	7	6,230	
Rental expense	8	4,000	
Repair and maintenance	9	3,900	
Utilities expense	10	750	
Bad debts	11	2,200	
Remuneration	12	54,240	
Medical expenses	13	3,500	
Depreciation		8,750	
			<u>(124,870)</u>
Net profit before taxation			<u>53,030</u>

Notes:

1. Included in the cost of sales are goods costing RM4,000 with market value of RM7,000 that Encik Ikram took for personal use. No record was made for this transaction. Encik Ikram also provides a provision for stock obsolescence of RM2,500.
2. A piece of vacant land located in Gampang was sold on 15 August 2024 resulting in a gain of RM60,000.
3. Dividend received from the Malaysian Muslim Business Corporative.
4. Miscellaneous expenses comprise:

	RM
Business sundry expenses	3,400
Annual subscription to a Mini Mart Association	500
Traffic summons issued to an employee while on duty	300

5. Encik Ikram donated sports equipment worth RM2,000 to an approved orphanage. In addition, each orphan received a cash donation of RM20, with a total cash donation of RM1,500.
6. Encik Ikram leased a car, which costs RM250,000 at a monthly rate of RM2,800 starting in November 2022.

7. Entertainment expenses include:

	RM
Entertainment for supplier	4,130
Lunch provided to employees	2,100

8. Encik Ikram and his family lived on the top floor of the two-storey shop lot.

9. Repairs and maintenance comprise:

	RM
Repairs of van used to deliver goods to customers	2,000
Repairs of toilet on top floor	400
New electrical wiring	1,500

10. Only one-third of the utility expenses is used for the business.

11. Bad debts consist of:

	RM
Specific provision for bad debts	300
General provision for bad debt	1,100
Trade bad debt written off	350
Loan of a friend	450

12. Salary, bonus and EPF are as follows:

	Salary & bonus (RM)	EPF (RM)
Encik Ikram	28,000	4,000
Disabled employee	7,000	840
Normal employee	12,000	2,400

13. Medical expenses comprise:

	RM
Wheel chair for disabled staff	900
Medical expenses of employees	2,000
Encik Ikram's medical expenses	600

14. For the current year, capital allowance claimed was RM6,500, while the balancing charge and balancing allowance on the disposal of the fixed assets were RM2,500 and RM3,900 respectively.

Required:

(a) Compute the Statutory Business Income for Encik Ikram for the year of assessment 2024.
(21 marks)

(b) State **THREE (3)** expenses that are allowable for double deductions in determining the adjusted income from a business income source.

(3 marks)

[24 marks]

Question 5

Asyraf and his wife, Rina, were both residents in Malaysia for the year of assessment 2024. Below is an extract from their return that will be submitted for the year of assessment 2024.

Asyraf

- (a) Sole proprietor business:

	RM
Adjusted loss	(5,000)
Balancing charge	5,000
Capital allowance	8,000

- (b) Asyraf earns rental income from the house that was rented out since March 2024. The following are the information relating to his house.

	RM
Rental income per month	3,500
Legal fees on the rental agreement	1,200
Cost of air-conditioner	1,500
Fire insurance	200
Quit rent	1,000
Initial advertising	250

- (c) He made a cash donation of RM8,000 to an approved institution.

Rina

- (a) Gross employment income of RM75,000 and allowable expenses of RM5,000.
- (b) Dividend of RM14,000 from Jatt Sdn. Bhd., a Malaysian resident company.
- (c) Royalty of RM25,000 for writing a book on small business operations, published by a company in Kuala Lumpur.
- (d) She made a contribution of 5 laptops to an approved institution valued RM2,000 each.

Additional information:

1. Asyraf incurred medical expenses for his parent-in-law amounting to RM8,000 in year of assessment 2024.
2. Rina incurred RM5,600 to purchase a wheelchair for Ratna in year of assessment 2024.
3. A new computer costing RM3,400 was purchased by Asyraf in December 2024 for his personal used.
4. Rina contributed 11% of her salary to the EPF and paid life insurance premium of RM5,000 to a Malaysian Insurance company for herself and her children.
5. They have four children:

Name	Age	Particulars
Aryan	23	Studying in Universiti Sains Malaysia
Rasya	18	Studying at Perak Matriculation College
Aryll	15	Studying in Sekolah Menengah Sains Taiping
Ratna	6	Adopted child and handicapped

Rina will claim the child relief.

6. Asyraf incurred RM1,600 in expense to purchase sport equipment.
7. Rina's monthly tax deduction over a 12-month period was RM960 in total.
8. Asyraf deposited RM100 each month into the SSPN for his children.
9. Asyraf owns an electric car, and the battery charging fee cost RM4,000 per year.
10. Rina paid zakat amounting to RM300.

Required:

- (a) Assuming that Asyraf and Rina did not elect for joint assessment, compute the income tax payable by Asyraf and Rina for the year of assessment 2024.

Note: Indicate any item that does not impact the calculation by using zero (0).

(23 marks)

- (b) State the due date by which Asyraf and Rina must submit their income tax returns for the year of assessment 2024 to the Inland Revenue Board (IRB).

(2 marks)

[25 marks]

END OF EXAMINATION PAPER

TAX RATES AND ALLOWANCES

The following tax rates, allowances and values are to be used in answering the questions.

Income tax rates**Resident individuals – YA2024**

Chargeable income RM	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
400,001 – 600,000	First 400,000 Next 200,000	26	84,400 52,000
600,001 – 2,000,000	First 600,000 Next 1,400,000	28	136,400 392,000
Exceeding 2,000,000	First 2,000,000 For every next ringgit	30%	528,400

Resident company – paid up ordinary share capital**Resident limited liability partnership – capital contribution**

	First RM150,000	Next RM450,000	Excess over RM600,000
RM2,500,000 or less	15%	17%	24%
More than RM2,500,000	24%	24%	24%

Non-residents

Company	24%
Individuals	30%

Personal reliefs

No.	Individual Relief Types		RM
1	Self		9,000
2	Disabled self, additional		6,000
3	Medical expenses expended on parents	(maximum)	8,000
4	Medical expenses expended on self, spouse or child with serious disease, and for fertility treatment, including up to RM1,000 for medical examination and RM1,000 for vaccination	(maximum)	10,000
5	Basic supporting equipment for disabled self, spouse, child or parent	(maximum)	6,000
6	Study course fees for skills or qualifications including up to RM2,000 for recognised upskilling and self-enhancement courses	(maximum)	7,000
7	Lifestyle allowance	(maximum)	2,500
8	Additional Lifestyle allowance for sports related items	(maximum)	1,000
9	Spouse relief		4,000
10	Disabled spouse, additional		5,000
11	Child – basic rate	(each)	2,000
12	Child – higher rate	(each)	8,000
13	Disabled child	(each)	6,000
14	Disable child, additional	(each)	8,000
15	Childcare (below six years old)	(maximum)	3,000
16	Breastfeeding equipment	(maximum)	1,000
17	Life insurance premiums	(maximum)	3,000
18	Contributions to approved funds	(maximum)	4,000
19	Deferred Annuity and Private Retirement Scheme (PRS)	(maximum)	3,000
20	Education and medical insurance	(maximum)	3,000
21	Contribution to the Social Security Organization (SOC SO)	(maximum)	350
22	Payment for use of electric vehicle charging facility for non-business use	(maximum)	2,500
23	Net deposit in Skim Simpanan Pendidikan Nasional	(maximum)	8,000

Rebates

Chargeable income not exceeding RM35,000	RM
Individual – basic rate	400
Individual entitled to a deduction in respect of a spouse or a former wife	800

Value of benefits in kind

Car and fuel scale

Cost of car (when new) RM	Prescribed annual value of private usage of car RM	Prescribed annual value of Private petrol RM
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 Rate %	Annual allowance 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
Computers	20	20