



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
JULY 2025 SEMESTER**

COURSE CODE	: EBB21003
COURSE NAME	: INTRODUCTION TO TAXATION
PROGRAMME NAME	: BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN ISLAMIC FINANCE
DATE	: 19 SEPTEMBER 2025
TIME	: 3.00 PM – 6.00 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 **FOUR (4) 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.

Please use the answer booklet provided.

Question 1

- (a) State any **THREE (3)** sources of revenue law in the Malaysian tax system. (3 marks)
- (b) State **TWO (2)** circumstances where income tax liability arises. (2 marks)
- (c) Martin, from Germany, works as an engineering consultant with Fine Consult Berhad, a firm offering independent engineering consultancy services in Kuala Lumpur, Malaysia. His period of stay in Malaysia from 2018 onwards is shown below:

Year	Period of stay	Notes
2018	1/9/2018 – 30/12/2018	
2019	15/7/2019 – 28/12/2019	1
2020	12/1/2020 – 29/7/2020	
	3/9/2020 – 30/11/2020	
2021	1/1/2021 – 2/6/2021	
	1/8/2021 – 24/11/2021	
2022	1/1/2022 – 14/1/2022	2
	28/1/2022 – 30/6/2022	
2023	10/1/2023 – 20/2/2023	
2024	1/2/2024 – 30/8/2024	

Notes:

- Martin went to Sydney, Australia from 29 December 2019 to 11 January 2020 attending a construction design course sponsored by his employer.
- He went to Tokyo, Japan with his family for a holiday from 15 January 2022 until 27 January 2022.

Required:

Determine the tax residence status of Martin for the year of assessment 2018 until 2024. Support your answers with relevant sections and reasons.

(22 marks)

[27 marks]

Question 2

Rahman has an employment contract with Happy Heart Bhd. His income for the year ending 31 December 2024 is as follows:

	RM
Salary	168,000
Entertainment allowance	30,000
Bonus	42,000

Happy Heart Bhd provides Rahman with benefits and incurs expenses as detailed below. Unless otherwise stated, the benefits were provided for the full year ending 31 December 2024.

1. The company bears Rahman's income tax payable. Income tax payable by Rahman for the year of assessment 2023 amounted to RM77,000. The tax payable for the year assessment 2024 is expected to be RM90,000.
2. Monthly subscriptions for Rahman's membership to a golf club amounting to RM18,000.
3. Reimbursement of salary in respect of a driver employed by Rahman, amounting to RM13,000.
4. A domestic help for Rahman employed by Happy Heart Bhd at a monthly salary of RM1,300 commencing from 1 July 2024.
5. Happy Heart Bhd incurred expenses as follows in respect of Rahman's holidays with his wife and child:

In September 2024 in the United States:

	RM
Cost of airfare	17,000
Cost of meals and accommodation	2,800

In December 2024 in the Cherating, Malaysia:

	RM
Cost of airfare	2,600
Cost of meals and accommodation	2,100

6. The use of a car costing RM177,000, and petrol expenses amounting to RM15,000.
7. Hotel room charges amounting to RM27,000, from 1 January 2024 to 31 March 2024.
8. The use of an unfurnished house provided to Rahman by Happy Heart Bhd from 1 April 2024 to 31 December 2024. The company incurred a rental expense of RM13,000 per month. Happy Heart Bhd requires Rahman to contribute a sum of RM250 per month for the maintenance of the premises, commencing from 1 April 2024.
9. Rahman incurred RM270 for his dental treatments and RM350 for his medical treatments during the year 2024. All expenses were paid by the company.
10. Rahman claimed the following expenses incurred by him during 2024:

	RM
Entertainment expenses	33,000
A gift of money donated to an approved institution	5,000
Medical expenses for Rahman's mother	3,760
Purchase of sports equipment	400
Employee Provident Fund (EPF) contributions	26,400

Rahman is married to Roslina and has a nine-year-old child. His wife has no total income.

Required:

- (a) Compute Rahman's statutory employment income for the year of assessment 2024.
(15 marks)
- (b) Explain **THREE (3)** tax reliefs available to individual taxpayers earning employment income in Malaysia.

(6 marks)

[21 marks]

Question 3

Jaguh Packaging Sdn Bhd (JPSB), a Malaysian tax resident company, is principally engaged in manufacturing and selling industrial plastic bags. JPSB prepares its accounts to 31 July annually and has an ordinary paid-up share capital of RM2,500,000.

Details of JPSB's statement of profit or loss for the year ended 31 July 2024 are as follows:

Jaguh Packaging Sdn Bhd			
Statement of Profit or Loss for the year ended 31 July 2024			
	Note	RM'000	RM'000
Sales			4,018
Less: Cost of sales	1		(2,068)
Gross profit			<u>1,950</u>
Add: Other income	2		160
			<u>2,110</u>
Less: Operating expenses			
Advertising and promotion	3	231	
Travelling and accommodation	4	43	
Donation	5	65	
Salaries and wages	6	871	
Legal and professional fees	7	128	
Repair and maintenance	8	88	
Finance costs	9	40	
Other expenses	10	86	
			<u>(1,552)</u>
Profit before tax			<u>558</u>

Notes:

1.	Cost of sales includes:	RM'000
	Depreciation of property, plant and equipment	250
	Provision for stock obsolescence	33

2.	Other income is comprised of:	RM'000
	Rental income received from letting of the investment property (a double-storey terrace house) (maintenance and support services were not provided)	60
	Rental income from a factory building in Johor, Malaysia. The tenant used the factory building for its manufacturing business.	100

3.	Advertisements and promotions include:	RM'000
	Condolence message for JPSB's customer	1

4.	Traveling and accommodation comprised of:	RM'000
	Flight ticket and accommodation for the staff's business trip	10
	Leave passage for the Company directors	33

5. The donation was made to an approved institution.

6.	Salaries and wages include:	RM'000
	Contribution to a foreign provident fund for JPSB's expatriates	30
	Employees' provident fund for a senior employee at the rate of 25%	400

7.	Legal and professional fees include:	RM'000
	Legal fees for extension of term loan	60
	Tax filing fees for submission of sales tax return	3
	Tax filing fees for submission of the income tax return	11
	Secretarial fees	6

8.	Repair and maintenance include:	RM'000
	Replacement of air conditioners and sofa for the double-storey terrace house	3
	Purchase of 3 units of office chairs	10

9.	Finance costs include:	RM'000
	Interest expenses relating to the financing of the acquisition of the factory building in Johor	31
	Interest expenses relating to working capital	9

10.	Other expenses include:	RM'000
	Quit rent and assessment for the factory in Johor	2
	Quit rent and assessment for the double-storey terrace house	1
	Lease rental premiums paid for a new car (cost RM360,000) for use by a senior employee from 1 August 2023	65

11.	Other relevant information:	RM'000
	Unabsorbed business loss brought forward from the year of assessment 2023	272
	Allowances for the year of assessment 2024:	
	Capital allowances for the manufacturing business	268
	Industrial building allowance for the rented factory building in Johor	39

- 12.** On 1 July 2024, JPSB received a rental income of RM5,000 from the letting of the double-storey terrace house for August 2024. This amount has yet to be recognised in the profit and loss statement for the year ended 31 July 2024.

Required:

- (a) Compute the chargeable income of Jaguh Packaging Sdn Bhd for the year of assessment 2024.
- (22 marks)
- (b) List **THREE (3)** examples of business expenses that can be claimed as a deduction by a sole proprietor.
- (3 marks)

Notes :

- You should indicate by the use of the word 'exempted' or 'nil' where appropriate.
- Show all the working and notes.

[25 marks]

Question 4

Farhan, a manager of mineral water manufacturing company and his wife Fatin, an auditor in a local audit firm are tax residents in the basis year for the year of assessment 2024. The following are the incomes of Farhan and Fatin for the basis year 2024.

Farhan:

Monthly salary of RM10,500 (net after deducting RM1,500 for EPF). He also received bonus amounting to RM15,000, monthly travelling and entertainment allowances of RM2,200 and RM2,500 respectively.

Income from other sources:

- | | RM |
|--|-----------|
| 1. Dividend from Tenaga Nasional Berhad | 15,000 |
| Interest from Maybank | 9,500 |
| 2. Rental income from semi-detached house located in Setia Alam and apartment in Bukit Tinggi. Both houses were rented out since January 2021. | |

Below is the information related to the houses:

	House in Setia Alam	Apartment in Bukit Tinggi
	RM	RM
Rental income	1,500 per month	1,000 per month
Repair and maintenance	2,500	5,000
Quit rent and assessment	800	600
Fire insurance	1,900	1,200
Renovation	8,000	4,000

Fatin:

Fatin received a salary of RM9,500 per month after deducting 11% of EPF. She also earned royalty income of RM25,000 from the translation of text textbook requested by the Malaysian Ministry of Education.

Income from other sources:

	RM
1. Dividend from Amanah Saham Nasional	5,000
2. Interest from Bank Islam	3,500

Other information:

- Farhan's mother is suffering from kidney failure. In July 2024, Farhan spent RM6,400 to buy a wheelchair for her mother. He also paid for his mother's medical expenses amounted to RM7,200.
- Farhan and Fatin have three with 3 children. Details of their children are as follows:

Name	Age	Particulars
Azim	22	Married, studying in University of Adelaide, Australia
Azlee	20	Studying in Universiti Sains Malaysia
Azlinda	15	Disabled, studying in Sekolah Menengah Kebangsaan Setia Alam

Note: Farhan claimed all the child relief

- During the year, they made some donations and payments:

Farhan	RM	Fatin	RM
Political party	1,000	MAKNA (approved institution)	2,000
Hospital Ampang	2,000	School library	850
Zakat	3,000	Zakat	2,000

- Insurance policies taken by them were as follows:

Type of insurance	Premium paid per annum (RM)	Beneficiary	Paid by
Life	2,600	Farhan	Farhan
Life	1,900	Fatin	Fatin
Life	1,200	Azim	Fatin
Medical	2,300	Azlee	Farhan
Education	1,500	Azlinda	Farhan

Required:

- (a) Compute the income tax payable by Farhan and Fatin for year of assessment (YA) 2024, assuming that they choose for separate assessment.

(23 marks)

- (b) Distinguish between profession and employment.

(4 marks)

Notes:

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

[27 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 (<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)

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 (<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.

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