



**UNIVERSITI KUALA LUMPUR  
BUSINESS SCHOOL**

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**FINAL EXAMINATION  
OCTOBER 2025 SEMESTER**

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<b>COURSE CODE</b>	<b>: EAB20903</b>
<b>COURSE NAME</b>	<b>: TAXATION 1</b>
<b>PROGRAMME NAME</b>	<b>: BACHELOR IN ACCOUNTING (HONS)</b>
<b>DATE</b>	<b>: 26 JANUARY 2026</b>
<b>TIME</b>	<b>: 02.00PM – 05.00PM</b>
<b>DURATION</b>	<b>: 3 HOURS</b>

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**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.

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**THERE ARE TWELVE (12) 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**

(a) State **THREE (3)** qualifying criteria for capital allowance.

(3 marks)

(b) Galaxy Traders Sdn. Bhd. is a trading company that has been operating for 17 years and prepares its financial statements annually to 31 December. The company owns various non-current assets, some of which were disposed of or newly acquired during the year ended 31 December 2025.

Details of these assets are as follows:

**General machine**

A general machine was bought in March 2023 at cost RM50,000 were sold at RM32,800 on 30 September 2025.

**Lorry**

On 21 June 2024, the company entered into a hire purchase agreement for the acquisition of a lorry. The term of the hire purchase agreement is as follow:

Cost of lorry	RM108,000
Deposit	RM24,000 paid on 21 June 2024
Instalment	RM2,000 for 60 months
First instalment	1 July 2024

**Air conditioner**

The company bought 3 units of air conditioner on 12 February 2025 for RM1,750 per unit.

**Required:**

Compute the capital allowance and balancing charge or allowance for the relevant years of assessment until year of assessment 2025.

(12 marks)

**[15 marks]**

## Question 2

- (a) List any **THREE (3)** buildings that are qualify as an industrial building.

(3 marks)

- (b) S-Tech Industrial Solution Sdn. Bhd. is a local resident company incorporated in 2019 to carry on the business of manufacturing and supplying industrial equipment. It closes its accounts on 31 December each year.

In the year 2020, the company acquired a piece of land and constructed its own factory facility, completed in October 2023. 78% of the building was used as factory, 12% as office and the remaining as storage. The relevant expenditure incurred is as follows:

Expenditure	RM
Cost of land	420,000
Legal fee for the land acquisition	21,000
Legal fee for obtaining various building approvals	36,000
Architect fees	90,000
Cost of clearing land	15,000
Construction cost of the building.	6,200,000
Construction of perimeter fencing	25,000
Electrical wiring and fittings	75,000
Road and car parks	28,000

The company also incurred RM504,000 on the preparation of a site for the installation of plant and machinery in October 2023. The cost of the plant and machinery was RM126,000.

In July 2025, second storage, 10 kilometers away from the factory site, which cost RM400,000 (including RM100,000 cost of land) was completed and put into use for business purpose.

**Required:**

Illustrate the computation of industrial building allowance, balancing charge/allowances (if any) for the relevant years of assessment until year of assessment 2025.

(12 marks)

**[15 marks]**

**Question 3**

BrightLink Enterprise is a partnership business owned by Hana and Farid. The partnership accounting year ends on 31 December every year. On 1 October 2025, Irfan was admitted as a new partner.

Profit and loss sharing ratios are as follows:

	Hana	Farid	Irfan
Before 1 October 2025	3/5	2/5	-
Effective from 1 October 2025	1/5	1/5	3/5

For the accounting year ending 31 December 2025, based on computation for income tax purposes, the partnership incurred a Divisible Loss of RM30,000.

Additional information is as follows:

- | Partners | Salaries (RM) | Allowance | Interest on capital |
|----------|---------------|-----------|---------------------|
| Hana     | 18,000        | 5,000     | 7,000               |
| Farid    | 12,000        | 6,000     | 3,000               |
| Irfan    | 12,000        | 4,000     | 3,000               |

- Capital allowance and balancing charge were RM20,000 and RM6,000 respectively.
- During the year, Hana and Farid personally donated RM3,000 and RM5,000 respectively to approved institutions.
- For the year ending 31 December 2025, the partnership also derived rental income of RM30,000.
- Other business income/loss of the partners are as follows:
 

Hana	:	Statutory income	RM20,000
Farid	:	Adjusted business loss	RM10,000

**Required:**

- (a) Determine **FOUR (4)** factors need to be present before a partnership is said to be exist. (4 marks)
- (b) Compute the total income for Hana, Farid and Irfan for the years of assessment 2025. (Show all workings). (16 marks)
- [20 marks]

**Question 4**

Encik Hakimi Rizal has been employed as an accountant at Rasaku Sdn. Bhd. for many years. He was transferred from Penang to its Kuala Lumpur office with effect from 1 February 2014. He resigned on 31 December 2025 and migrated overseas in January 2026. His income for the year ended 31 December 2025 is as follows:

1. Net salary (after Employees Provident Fund deductions at 11%) amounting RM106,800.
2. Entertainment allowance amounted RM2,000 per month.
3. Bonus for the year ended 31 December 2024 paid in 2025 amounting RM20,000.
4. The gift of a computer, amounting to RM4,500.
5. The use of a car costing RM180,000. Fuel amounted to RM8,000 was provided for official duties.
6. Phone rental and charged amounting to RM3,600 for his smartphone. The phone is registered under the employer's name.
7. A fully furnished house completed with air-conditioners and kitchen equipment. The company paid monthly rental of RM4,500 of which RM1,000 is for furnishing. The furnished house was provided to Encik Hakimi Rizal from 1 February 2025. Encik Hakimi Rizal is required to pay RM1,300 as rental of the house.

8. A gardener and domestic servant employed by the company at a salary of RM600 and RM1,000 per month starting from 1 February 2025.
9. Encik Hakimi Rizal and his family were provided with short holidays to Pulau Perhentian and a trip to Frankfurt, Germany by Rasaku Sdn Bhd, which incurred the following expenses:

	Cost of air fare (RM)	Cost of meals (RM)	Accommodation (RM)
Pulau Perhentian	600	1,200	600
Frankfurt, Germany	10,000	12,000	7,500

10. Reimbursement of medical expenses of RM1,800.
11. A gratuity payment of RM80,000 upon his resignation.
12. Encik Hakimi Rizal paid RM350 as professional fees to the Malaysian Institute of Accountant.

**Required:**

- (a) List any **THREE (3)** benefits-in-kind that are exempted from tax. (3 marks)
- (b) State any **THREE (3)** conditions, which the gratuity income under Section 13(1)(a) will be exempted from tax. (3 marks)
- (c) Compute the Statutory Employment Income for Encik Hakimi Rizal for the year of assessment 2025. (19 marks)

**[25 marks]**

## Question 5

Izz Haikal (58 years old) and his wife, Qisya Iriz, are Malaysian citizens and tax residents. He has appointed you as a consultant to help him in computing his tax liability for basis year 2025. The following information provided to you:

**Izz Haikal**

## 1. Business income:

	<b>Retailing business (RM)</b>	<b>Consultancy firm (RM)</b>
Adjusted income / (loss)	300,000	(40,000)
Balancing charge	20,000	53,000
Capital allowance	40,000	12,000
Previous year losses	(16,000)	-

## 2. Rental income from a house in Melaka (rented out since February 2025)

	<b>RM</b>
Rental (per month)	7,000
Deposit for utilities	3,000
Quit rent and assessment (per year)	16,200
Advertisement	400
Interest on loan (per month)	1,440
Rental agreement fee	8,000
Upkeep of garden (per month)	300

3. He received dividend income of RM10,000 from Maybank Berhad. He also received interest income from a fixed deposit in a Singapore bank of RM5,000, remitted to Malaysia.
4. He receives a monthly pension of RM6,700 from the federal government.
5. He donated RM10,000 to Persatuan Bulan Sabit Merah (approved institution).

**Qisya Iriz**

1. A teacher with monthly salary of RM4,588 after deducting EPF of 11%, car and housing loan of RM800 and RM1,020 respectively.
2. She wrote a book for Early Childhood for Ministry of Education and received RM12,000 for royalty.
3. She participates in a cultural show to promote tourism in Malaysia and received royalty income of RM18,000, which was approved by the Ministry of Tourism, Arts and Culture.
4. She made a cash donation to project of national interest approved by the Minister amounted to RM9,000.

**Additional information:**

1. Izz Haikal and Qisya Iriz has 2 children with Qisya Iriz:
  - Izzul Qairi, 11 years old, attending primary school
  - Izzah Qairina, 6 years old
2. Izz Haikal spent medical expenses of RM4,000 and RM5,500 for his mother and grandparent due to ill health during the year.
3. Izz Haikal spent RM800 to purchase a wheelchair for his mother.
4. Qisya Iriz spent RM1,800 to purchase food waste machine.
5. Izz Haikal incurred a new iPad worth RM4,200 for himself. He also incurred RM1,200 to purchase sport equipment listed under the Sports Development Act 1997.
6. Izz Haikal spent RM5,000 and RM1,200 on fertility treatment for his wife and dental treatment respectively.
7. Izz Haikal and Qisya Iriz paid zakat of RM30,000 and RM2,000 respectively for the year of assessment 2025.

**Required:**

Assuming that Izz Haikal and Qisya Iriz did not elect for joint assessment, compute the income tax payable by Izz Haikal and Qisya Iriz for the year of assessment 2025.

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

**(25 marks)**

**END OF EXAMINATION PAPER**

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## Personal reliefs

No.	Individual Relief Types		RM
1	Self		9,000
2	Disabled self, additional		7,000
3	Medical expenses expended on parents or grandparents	(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, up to RM1,000 for dental examination / treatment, up to RM4,000 for child with learning disability	(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 sport related items	(maximum)	1,000
9	Spouse relief		4,000
10	Disabled spouse, additional		6,000
11	Child – basic rate	(each)	2,000
12	Child – higher rate	(each)	8,000
13	Disabled child	(each)	8,000
14	Disable child, additional	(each)	8,000
15	Childcare fees (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	Medical and/or education insurance premiums for self, spouse or child	(maximum)	3,000
21	Contribution to the SOCSO and EIS	(maximum)	350
22	Green technology equipment	(maximum)	2,500
23	Net deposit in Skim Simpanan Pendidikan Nasional	(maximum)	8,000
24	Interest on housing loan for first-time homeowner <ul style="list-style-type: none"> <li>• RM7,000: House Price not more than RM500,000</li> <li>• RM5,000: House price above RM500,000 to RM750,000</li> </ul>	(maximum)	7,000

## 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**

	<b>Initial allowance Rate %</b>	<b>Annual allowance Rate %</b>
Industrial Buildings	10	3
Plant and machinery – general	20	14
Motor vehicles and heavy machinery	20	20
Office equipment, furniture and fittings	20	10
ICT equipment & software (including customised software)	40	20