



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2025 SEMESTER**

COURSE CODE : EAB21204
COURSE NAME : TAXATION 1
PROGRAMME NAME : BACHELOR IN ACCOUNTING (HONS)
DATE : 26 JANUARY 2026
TIME : 02.00PM – 05.00PM
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 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 **THREE (3)** types of tax return forms and their categories of taxpayers. (3 marks)
- (b) Identify **FOUR (4)** employer responsibilities in managing employee taxation. (4 marks)
- (c) Determine **FOUR (4)** factors that determine the amount of tax deduction under Monthly Tax Deduction (MTD) system. (4 marks)
- [11 marks]**

Question 2

Aniq Construction Sdn. Bhd., a manufacturing company with a financial year ending on 31 January each year, commenced the construction of a new factory building on 28 February 2023. The construction was completed and the building was brought into use for production purposes on 1 January 2024. The usage of the building is allocated as follows: 75% for factory operations, 12% for office use and the remaining as storage.

The details of the expenditure incurred for the construction of the new factory are as follows:

Date	Expenditure	RM
28.02.2023	Cost of land	600,000
01.03.2023	Legal fee for the land acquisition	30,000
01.03.2023	Stamp duty for land acquisition	6,000
28.03.2023	Architect fees	180,000
30.03.2023	Cost of clearing land	90,000
01.09.2023	Construction cost of the building	3,000,000
05.10.2023	Electrical wiring and fittings	50,000
08.10.2023	Road and car parks	120,000

On 10 December 2023, Aniq Construction Sdn. Bhd. purchased a new machine costing RM340,000 to be installed in the new factory. The cost of levelling the site for the installation of the machine amounted to RM960,000.

On 1 October 2023, the company purchased a car for the managing director through hire purchase (not licensed for commercial use). It was agreed that 30% of the car's usage was for private purposes.

Cash price	:	RM 115,000
Deposit	:	RM 25,000
Monthly instalment	:	RM 2,000
Number of instalments	:	48 months starting from 1 November 2023

In March 2023, the company purchased 3 units concrete mixer at a cost RM7,000.

In July 2024, the company completed and brought into use a second storage facility 10 kilometers from the main factory site. The total cost amounted to RM300,000, which included RM100,000 for the land.

In year of assessment 2025, the company purchased 15 laptops for office use at RM1,950 per units.

Required:

- (a) Explain **THREE (3)** types of allowances that can be claimed in arriving at the residual expenditure.

(3 marks)

- (b) Compute the capital allowance and industrial building allowance, including any balancing charge or allowances for the relevant years of assessment up to year of assessment 2025.

(20 marks)

[23 marks]

Question 3

Irfan and Iffat commenced a partnership on 1 April 2005 to supply petrol and office supplies to government departments. The partnership agreement included the following:

1. Interest on capital: 10% per annum
2. Irfan's capital contribution: RM80,000
3. Iffat's capital contribution: RM120,000
4. Salaries:
 - Irfan: RM2,200 per month
 - Iffat: RM2,500 per month
5. Share of divisible income/(loss): Irfan 40%, Iffat 60%

On 30 September 2025, Irfan withdrew from the partnership. On 1 October 2025, his friend Cahya was joined as a new partner. Under the new partnership agreement, effective on 1 October 2025:

1. Interest on capital: 12% per annum
2. Iffat's capital: RM100,000
3. Cahya's capital: RM100,000
4. Salaries:
 - Iffat: RM2,500 per month
 - Cahya: RM2,500 per month
5. Share of divisible income/(loss): Iffat 50%, Cahya 50%

The partnership's operating statement for the year ended 31 December 2025 is as follows:

Statement of Profit or Loss for the year ended 31 December 2025

	Note	RM	RM
Sales			9,200,000
Less: Cost of sales			(8,600,000)
Gross profit			600,000
<u>Add: Other income</u>			
Rent received from leased property			12,000
Less: General overheads	1		450,000
Net profit			162,000

Additional information:

1. General overheads include:
 - A cash donation to an approved institution of RM20,000 paid on 1 April 2025, with the official receipt available.
 - A cash donation to a political party of RM3,500 paid on 1 November 2025.
 - Partners' salaries as stipulated in the partnership agreement.
 - Interest on partners' capital contributions as provided in the partnership agreement.
 - Depreciation on fixed assets charged in the accounts amounted to RM30,000.
2. Capital allowances for the year of assessment to the partnership amounted to RM35,000.
3. On 31 December 2025, Cahya received the following additional income outside the partnership for the year of assessment 2025:
 - Interest on deposit in Bank Sentosa amounting to RM6,000 based on a RM100,000 deposit for 6 months.
 - Salary earned from part-time teaching at a local university amounted to RM4,800.

Required:

- (a) State **TWO (2)** types of partners in a partnership business.

(2 marks)
- (b) Compute the total income for Irfan, Iffat, and Cahya for the year of assessment 2025.
(Show all workings).

(16 marks)
[18 marks]

Question 4

Encik Azraei, a successful entrepreneur, owns an architecture firm in Port Dickson. The following is the Statement of Profit or Loss for the year ended 31 December 2025.

Azraei Trading			
Statement of Profit or Loss for the year ended 31 December 2025			
	Note	RM	RM
Sales	1		1,472,685
Less: Purchases			(899,530)
Gross profit			573,155
Add: Other income	2		47,750
			620,905
Less: Expenses			
Bonus for staff		56,550	
Salary, bonus and EPF	3	280,460	
Entertainment	4	73,175	
Fine and penalty	5	2,150	
Donations	6	59,600	
Office rental		45,000	
Office expenses	7	5,300	
Quit rent and assessment		485	
Maintenance of office equipment	8	20,675	
Utilities	9	53,905	
			597,300
Net profit			23,605

Notes:

1. Fees for architecture services provided to his aunt's business in Sepang were not included in sales. Encik Azraei never charged for services provided to his family members. If the same services had been provided to outsiders, he would have earned RM20,625.

2. Other incomes comprise of:

	RM
Dividend income	31,250
Interest income charged to customer due to late payment	1,500
Gain on disposal of fixed asset	5,000
Government grant from SME Corp	10,000
	<u>47,750</u>

3. Salary and EPF are as follows:

	Salary (RM)	EPF (RM)
Encik Azraei	110,000	9,900
Normal employees	100,000	17,000
Disabled employees	36,000	7,560
	<u>246,000</u>	<u>34,460</u>

4. Entertainment expenses comprise:

	RM
Annual dinner for staff	30,000
Entertaining potential clients	24,874
Lunch with clients and suppliers	13,626
Corporate membership to trade association - entrance fee	1,675
Corporate membership to trade association - annual fee	3,000
	<u>73,175</u>

5. Miscellaneous expenses comprise of:

	RM
Renewal of business license	275
Parking ticket for business's car	750
Late payment penalty for income tax	625
Business zakat	500
	<u>2,150</u>

6. Encik Azraei donated RM25,000 in cash to Majlis Kanser Negara, and the remaining amount was contributed to an approved research institute.

7. Office expenses comprise of:

	RM
Postage and courier	2,000
Stationery for Encik Azraei's children	1,500
Printing for business use	1,800
	5,300

8. Maintenance of office equipment

	RM
Renovation of toilet for disabled staff	5,800
Repair of office	9,000
Installation of moveable partition for the office	4,000
Repainting	1,875
	20,675

9. Utilities expenses incurred for the purpose of business use.

Additional information:

For the current year, capital allowance claimed was RM12,500 while the balancing charge amounted to RM5,500.

Required:

- (a) List **TWO (2)** examples of receipts that are treated as gross income from a business under the Income Tax Act 1967.

(2 marks)

- (b) Compute the Statutory Business Income for Encik Azraei for the year of assessment 2025.

(22 marks)

[24 marks]

Question 5

Encik Fhazril, age 54, and his wife, Puan Ana, are Malaysian citizens and tax residents for the year of assessment 2025. The information below relates to their sources of income:

Encik Fhazril

1. He operates a cyber-cafe business in Ampang, Kuala Lumpur. For the year of assessment 2025, the adjusted business loss amounted RM20,000 and an unabsorbed loss of RM10,000 was brought forward from YA 2024. He claimed capital allowance of RM16,000 inclusive of RM5,000 carried forward from previous years. A balancing charge of RM28,000 arose from the disposal of assets.
2. He received dividend income of RM18,000 from Bank Islam Malaysia Berhad. He also derived RM20,000 interest income from a fixed deposit in Singapore Bank and the interest was subsequently remitted to Malaysia.
3. He owns a house in Bukit Kemuning, Selangor. The house has been rented out since April 2024. The property generates gross rental income of RM60,000 per year, excluding a refundable deposit of RM20,000. During the year, he incurred RM2,000 for repair and maintenance and RM5,000 for renovation of porch.
4. He receives a monthly pension of RM3,700 from the state government.
5. He contributed hampers worth RM2,000 to an approved institution.

Puan Ana

1. She is employed as a lecturer at a private college in Johor Bahru, earning a gross monthly salary of RM8,000.
2. She received an entertainment allowance amounting to RM400 per month.
3. She received a travelling allowance amounting to RM600 per month. She incurred RM8,000 on travelling for official duties.

4. She participated in a cultural show to promote tourism in Malaysia and received RM25,000 in royalty income which was approved by the Ministry of Tourism, Arts and Culture.
5. She made a cash donation of RM15,000 to a project of national interest approved by the Minister.

Additional information:

1. The couple have three children and child relief will be claimed by Puan Ana.
 - Aarif, aged 28, single, working as a tutor in a private college.
 - Mariam, aged 24, blind since birth. She is pursuing a part-time master's degree at a local university and receives a scholarship of RM18,000 per annum from UNICEF.
 - Aaraf, aged 16, single, studying in secondary school.
2. Puan Ana was involved in a road accident and has been permanently paralysed. She purchased a wheelchair for RM4,000.
3. Book and magazine purchases by Puan Ana and Encik Fhazril amounted RM1,400 and RM3,000 respectively.
4. Puan Ana subscribed to a home broadband plan at RM100 per month.
5. Encik Fhazril spent RM7,000 on medical expenses for his parent-in-law and RM500 for Puan Ana's medical treatment.
6. Encik Fhazril deposited RM3,000 into on SSPN for Aaraf.
7. Puan Ana contributed 11% of her salary to the EPF and paid RM7,000 in life insurance premium for herself to a Malaysian Insurance company.
8. Encik Fhazril owns an electric car, and the annual battery charging fee amounted to RM6,000 per year.
9. Puan Ana paid zakat amounting to RM500.

Required:

- (a) Assuming that Encik Fhazril and Puan Ana did not elect for joint assessment, compute the income tax payable by Encik Fhazril and Puan Ana for the year of assessment 2025.

Note: For any item that does not impact the computation, indicate it with zero (0).

(22 marks)

- (b) State **TWO (2)** conditions that taxpayers must satisfy to qualify for joint assessment.

(2 marks)

[24 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 – YA2025**

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

Non-residents individual – YA2025

Individuals 30%

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 relief	(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 education	(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"> • RM7,000: House Price not more than RM500,000 RM5,000: House price above RM500,000 to RM750,000 	(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

	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
ICT equipment & software (including customised software)	40	20

Agriculture allowances

	Initial allowance Rate %	Annual allowance Rate %
Buildings for the welfare of or as living accommodation for farm employees	Nil	20
Other buildings used in the business	Nil	10
All other qualifying agriculture expenditure	Nil	50