



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2025 SEMESTER**

COURSE CODE	: EAB 41203
COURSE NAME	: TAXATION 2
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 27 JANUARY 2026
TIME	: 09:00AM – 12.00PM
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 ELEVEN (11) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided

Question 1

Encik Zamir, a Malaysian citizen. He disposed of a townhouse in Batu Ferringhi, Pulau Pinang and a piece of land during the year 2025.

Townhouse

He acquired a townhouse in Batu Ferringhi, Pulau Pinang, for a consideration of RM5,375,000. The full purchase price was paid on 1 November 2021, and the townhouse was transferred to him on 1 December 2021. There was no written agreement for the purchase of the townhouse.

Other costs incurred by Encik Zamir were as follows:

	RM
Legal fees on the loan agreement	20,000
Cost of renovation of townhouse	800,000
Advertising cost for seeking the property	10,000
Tax agent fee	15,000
Stamp duty on transfer	60,000
Legal fees on acquisition	40,000
Interest expense on acquisition of townhouse	1,000,000

In January 2025, Encik Zamir received the following amounts:

	RM
Deposit forfeited from potential buyer who called off the deal on 1 October 2024.	470,000
Insurance recoveries for the damage	5,000
Compensation for damages	25,000

Encik Zamir sold his townhouse for RM10,000,000, as evidenced by the Sale and Purchase Agreement dated 6 October 2025. He incurred the following expenditures in connection with the sale:

	RM
Legal fees related to defending the title	10,000
Brokerage fee	25,000
Valuation fee	5,000
Cost of advertising to find a buyer	10,000

Land

The disposal of the land on 4 April 2025 resulted in an allowable loss of RM600,000.

Required:

- (a) State the date of acquisition of the townhouse by Encik Zamir and explain reason for your answer. (3 marks)
- (b) State the date of acquisition of the townhouse by Encik Zamir and explain reason for your answer. (3 marks)
- (c) Compute the chargeable gain subject to real property gains tax for the year of assessment 2025 arising from Encik Zamir's disposal of the townhouse. (10 marks)
- (d) Explain the actions to be taken and the tax consequences if this is the first disposal of Encik Zamir's residential property. (3 marks)
- (e) Suggest how Encik Zamir can further reduce his taxable rate on disposal of his townhouse by extending the disposal date to beyond 1 November 2025. (1 marks)
- [20 marks]**

Question 2

- (a) Astana Berhad entered into a contract with Hakiko Ltd., a Japanese company, for the construction of a bridge in Bagan Datuk, Perak. Hakiko Ltd. established a project management office in Ipoh, Perak. The total contract value is RM28 million, comprising RM16 million attributable to the supply of materials and RM12 million attributable to the provision of services.

Required:

- i. Compute the tax liability of Hakiko Ltd., assuming that the construction project commenced and was completed in the year of assessment 2025, and the chargeable income amounted to RM7.2 million.
(3 marks)
 - ii. Explain the withholding tax obligations of Hakiko Ltd. under Section 107A of the Income Tax Act 1967 in respect of the provision of services, and determine the amount of tax to be withheld. (Ignore any double taxation agreement).
(7 marks)
 - iii. State **TWO (2)** features that distinguish the withholding tax applicable to a non-resident contractor under Section 107 from other withholding taxes.
(4 marks)
- (b) For the purposes of the construction project, Hakiko Ltd. incurred RM800,000 in payment to another Japanese company for the hire of construction equipment.

Required:

- i. State whether the payment is subject to Malaysian tax, with particular reference to withholding tax implications under the Income Tax Act 1967.
(3 marks)
- ii. If the payment has Malaysian tax implications, explain the consequences of non-compliance with withholding tax requirements in Malaysia.
(3 marks)

[20 marks]

Question 3

(a) LSS Manufacturing Sdn. Bhd. is a manufacturer of electrical components in Malaysia. Based on a rolling 12-month period, the company's cumulative sales reached RM500,000 on 15 April 2025.

i. State the latest date by which LSS Manufacturing Sdn. Bhd. is required to register for sales tax.

(2 marks)

ii. Determine the effective date from which LSS Manufacturing Sdn. Bhd. is required to charge sales tax on its taxable manufactured goods.

(2 marks)

iii. Explain the basis used to determine when the sales tax registration threshold is fulfilled.

(1 mark)

(b) Champion Sdn. Bhd., a registered manufacturer of furniture products in Johor, sold taxable goods in June 2025 as follows:

Locations	Sale Value (RM)
To a department store in Kota Kinabalu, Sabah	650,000
To a hotel in Pulau 1, which located in Forest City, Johor Bahru	300,000
To a department store in Thailand	500,000
To a hypermarket in Singapore	200,000

Sale tax rate is 10%

i. Compute the sales tax payable, if any, by Champion Sdn. Bhd. for each of the above transactions, with reasons.

(8 marks)

ii. State when the sales tax is due for payment by Champion Sdn. Bhd.

(2 marks)

- (c) White Pearl Sdn. Bhd. commences a restaurant on 1 July 2024 in Damansara Jaya, Selangor. While dining, customers are introduced to purchase wood-crafted souvenir, cosmetic jewellery and accessories.

The turnover for the for the first year ended 30 June 2025 (1 July 2024 - 30 June 2025) consist of:

	RM
Wood-crafted souvenir, cosmetic jewellery and accessories	120,000
Cigarettes including electronic cigarettes	80,000
Alcoholic drink and non-alcoholic drink	280,000
Sale of foods	850,000
	1,330,000

Required:

- i. Compute the relevant revenue in determining the threshold of service tax for White Pearl Sdn. Bhd.
(2 marks)
- ii. Explain whether the above revenue fulfil the annual threshold of the service tax registration.
(3 marks)
[20 marks]

Question 4

Green Technology Sdn. Bhd., incorporated in Malaysia in 2014 with a paid-up capital of RM5 million, manufactures food waste composting machines for both industrial and household use. GTSB closes its accounts annually on 31 December.

GTSB's Statement of Profit and Loss for the year ended 31 December 2025

	Note	RM	RM
Sales	1		3,800,200
(less) Cost of sale	2		(890,500)
Gross margin			2,909,700
(add) Other income	3		223,000
Less expenses:			
Salary and wages	4	1,200,700	
Administration expenses	5	205,160	
Sales expenses	6	94,600	
Utilities and rental expenses	7	450,000	
Distributor commissions	8	370,000	
Research and development	9	35,000	
Campaign expenses	10	128,300	
Miscellaneous expenses	11	206,600	2,690,360
Profit before tax			442,340

Notes:

1.	Sales is inclusive of sale of old machine amounting to RM6,500 with residual expenditure of RM8,000. The company made a profit of RM4,000 when selling off this machine
2.	Cost of sales include: <ol style="list-style-type: none"> Compost machine sold to employees at cost price amounting to RM28,000 Depreciation of RM452,000 on plant and machinery. Expatriate from Japan to train production staff fee amounted to 150,000 was included as part of cost of production. The expatriate is an employee from the principal company in Japan.
3.	Other incomes include: <ol style="list-style-type: none"> Dividends from Malaysian companies of RM81,000 Fixed deposit interest of RM 22,000

	<ul style="list-style-type: none"> c. Rental income from its retail shop of RM120,000 d. Profit from sale of machine of RM4,000 	
4.	<p>Salary and wages details are as follows:</p> <ul style="list-style-type: none"> a. Basic salary b. Overtime c. EPF contribution d. Bonus e. Managing Director (MD) remuneration (MD remuneration is inclusive of 20% EPF contribution) 	<p>RM</p> <p>660,000</p> <p>135,500</p> <p>79,200</p> <p>110,000</p> <p>216,000</p>
5.	<p>Administration expenses include:</p> <ul style="list-style-type: none"> a. Depreciation expenses for office building and equipment b. Stationeries c. Rental of photocopy machine d. Food and beverages for staff 	<p>RM</p> <p>156,000</p> <p>36,800</p> <p>12,000</p> <p>360</p>
6.	<p>Sales expenses include:</p> <ul style="list-style-type: none"> a. Staff claims for road shows for product demonstration b. Advertisement on social media and radio c. Sales staff claims for entertainment of corporate clients 	<p>RM</p> <p>36,000</p> <p>47,600</p> <p>11,000</p>
7.	<p>Utilities and rentals include:</p> <ul style="list-style-type: none"> a. Factory and office utilities b. Expatriate condominium rental and utilities (Expatriate is a technical expert from Japan who is charged of production staff. The rental of condo and utilities is out of pocket expenses) 	<p>RM</p> <p>390,000</p> <p>60,000</p>
8.	<p>The company has appointed a few distributors to help market its product. The company terminated one of its distributors for selling the products and below the minimum price and paid a compensation of RM20,000. The balance RM250,000 are commissions paid to the distributors.</p>	
9.	<p>Research and development (R&D) include:</p> <ul style="list-style-type: none"> a. R&D expenses paid to an independent research company to study the environmental impact of compost machines usage amounting to RM25,000 b. International Organization for Standardisation (ISO) certification amounting to RM10,000 	

10.	Campaign expenses include:	RM
	a. "Recycle for better environment" campaign (open to public)	82,300
	b. "Plant a tree for a better tomorrow" campaign (within company)	46,000
11.	Miscellaneous expenses include:	RM
	a. Staff family day (Cameron Highlands for 3 nights)	120,100
	b. Cash gifts employees for Hari Raya	24,000
	c. Childcare centre (registered with Welfare Department)	59,600
	d. Translation of Japanese books to Bahasa Malaysia (Approved by Dewan Bahasa and Pustaka)	2,900
12.	Capital allowance for the year amounted to RM209,000. Unabsorbed capital allowance amounted to RM113,000. Business loss from previous year was recorded as RM15,900.	
13.	The company started a trading business in the current year. This new business recorded Adjusted Loss of RM32,400 with capital allowance of RM5,600.	
14.	The company has not paid any withholding tax for year assessment 2025.	

Required:

- (a) Determine tax payable any Green Technology Sdn. Bhd. for year assessment 2025.

Your computation should start with the figure of profit before taxation and follow the description used in the notes to the profit and loss account indicating "NIL" in the appropriate column for every item that does not require adjustment.

(23 marks)

- (b) Calculate the withholding tax payable and the penalty with regards to payment and out of pocket expenses for the Japanese expatriate.

(2 marks)

[25 marks]

Question 5

As a tax consultant in Malaysia, explain any **THREE (3)** strategies you would recommend to your business clients to legally minimise their chargeable income and income tax payable. In your answer, discuss relevant tax principles, allowable deductions, incentives, compliance requirements, and best practices under the Income Tax Act 1967 with relevant examples.

(15 marks)

[15 marks]**END OF EXAMINATION PAPER**

TAX RATES AND ALLOWANCES

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

Tax rates for company – YA 2025

Type of company	Chargeable income (RM)	Company Income Tax rate (%)
Resident company (other than company described below)		24
Resident company: <ul style="list-style-type: none"> • with paid-up capital of MYR 2.5 million or less, and gross income from business of not more than MYR 50 million • that does not control, directly or indirectly, another company that has paid-up capital of more than MYR 2.5 million • is not controlled, directly or indirectly, by another company that has paid-up capital of more than MYR 2.5 million, and • with no more than 20% of its paid-up capital being owned, directly or indirectly, by a foreign company or non-Malaysian citizen. 	First RM150,000	15
	Next RM450,000	17
	Excess RM600,000	24
Non-resident company		24

Capital allowance

	Initial allowance (IA) %	Annual allowance (AA) %
Industrial buildings	10	3
Plant and machinery – general	20	14
Motor vehicles and heavy machinery	20	20
Office equipment, furniture and fittings	20	10

Real Property Gains Tax Rate

Individual: Malaysian Citizen; Permanent Resident (PR); Estate of deceased person (executor) who is Malaysian Citizen or PR; Limited Liability Partnership; Partnership

Holding period of property	YA 2025
Disposal within 3 years or less	30%
In the 4 th year after acquisition	20%
In the 5 th year after acquisition	15%
In the 6 th year after and thereafter from the acquisition date of property	0%

Company incorporated in Malaysia; Trustee of a trust; Body of persons registered under any written law in Malaysia

Holding period of property	YA 2025
Disposal within 3 years or less	30%
In the 4 th year after acquisition	20%
In the 5 th year after acquisition	15%
In the 6 th year after and thereafter from the acquisition date of property	10%

Non-Malaysian citizen individual; Not a permanent resident individual; executor of the estate of a deceased person who is non-citizen or not a permanent resident; company not incorporated in Malaysia (foreign company).

Holding period of property	YA 2025
Less or equal to 5 years	30%
In the 6 th year after and thereafter from the acquisition date of property	10%

Withholding Tax Rates

	Rate
Special classes of income	10%
Interest	15%
Royalty	10%
Contract payment	10% + 3%
Public entertainer	15%
Other income in S4(f)	10%
Pre-55 years old withdrawal from private retirement scheme	8% (Resident & Non-Resident)