CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EAB41203
COURSE NAME	:	TAXATION 2
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	24 JUNE 2026
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.**

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

Alex and Fiona are spouses. Both are Malaysian residents and have real properties in Malaysia. The followings are information pertaining to their properties:

Fiona

Fiona received a piece of land as a wedding gift from her grandmother, Susan, on 1 May 2022. The market value of the land at the date of transfer was RM440,000. Susan had originally acquired the land on 27 July 2020 for RM290,000 and subsequently incurred land levelling costs amounting to RM43,000 prior to the transfer. On 10 October 2023, Fiona disposed of the land to Mason for a consideration of RM480,000.

Alex

Alex purchased an apartment in Selayang Baru and a semi-detached house in Nilai. The apartment was acquired at a purchase price of RM270,000. He fully settled the purchase consideration on 13 May 2021, and the title to the apartment was transferred to him on 20 July 2021. On 1 April 2025, Alex disposed of the apartment for RM245,000.

On 1 June 2022, Alex purchased a semi-detached house in Nilai for RM530,000. In connection with the acquisition, he incurred legal fees amounting to RM26,500 and stamp duty of RM5,300. Following the handover of the property, he further incurred renovation expenses of RM90,000 on the house.

On 18 August 2025, Alex entered into an agreement to dispose of the semi-detached house to Zoltan for RM700,000. Zoltan paid a deposit equivalent to 10% of the selling price. However, he was unable to secure financing to complete the purchase, resulting in the forfeiture of the deposit.

Subsequently, Alex successfully disposed of the house on 7 November 2025 for RM800,000. In relation to the disposal, he incurred advertising fees of RM3,000, brokerage fees of RM27,000, and valuation fees of RM45,000.

Required:

(a) Discuss and determine the acquisition price of the property for Fiona upon her disposal of the apartment, assuming that her grandmother, Susan, is a:

i. citizen of Malaysia

ii. non-citizen of Malaysia

Note: Private Residence Exemption was not elected by Fiona.

(4 marks)

(b) Compute the real property gains tax (RPGT) payable, if any, by Alex arising from the disposal of the apartment and the semi-detached house.

Note: Private Residence Exemption was not elected by Alex.

(11 marks)

(c) State **FOUR (4)** conditions that must be fulfilled by an individual to qualify for the private residence exemption under Schedule 3 of the Real Property Gains Tax (RPGT) Act.

(5 marks)

[20 marks]

Question 2

Titan Sdn. Bhd. (TSB), a company located in Ipoh, Perak has been involved in the manufacturing of solar panels for both domestic and export markets for several years. The company is resident in Malaysia and closes its accounts annually on 31 December. In order to expand its sales, TSB entered into an agreement with Vector GMBH (VG), a company resident in Germany. Under the agreement, TSB is granted the right to use the design developed by VG for the production of a new product line.

In addition, VG will design and manufacture a customised machine for the production of the new product line. The company will also undertake the installation of the customised machine and provide training to TSB's employees on the operation and maintenance of the machine.

The following payments were made by TSB to VG in the year 2025:

No	Payments	RM
1.	Royalty fees for the use of copyrighted designs	3,000,000
2.	First and second stages of training, which were performed solely in Germany	156,000
3.	Installation fee of the customized equipment at TSB's factory in Malaysia	740,000
4.	The final stage of training, which was conducted at TSB's factory in Malaysia	104,000

Required:

(a) Determine, with reasons and the relevant provisions of the Income Tax Act 1967, whether each of the above payments made by Titan Sdn. Bhd. is subject to withholding tax.

(9 marks)

(b) Calculate the amount of withholding tax and penalty, if any, payable by Titan Sdn. Bhd. to the Inland Revenue Board of Malaysia (IRBM) in the event that the withholding tax is remitted after the prescribed due date.

(6 marks)

[15 marks]

Question 3

K. Yummy Sdn. Bhd. (KYSB) operates a restaurant in Ampang, closes its account to 30 April every year. KYSB is a service tax registrant and provides the following information on taxable period relating to 1 March 2025 to 30 April 2025:

		RM
1.	Revenue (sales) through e-payment (inclusive of service charge 10%) (i) 1 March 2025 – 30 March 2025 (ii) 1 April 2025 – 30 April 2025	 880,000 1,100,000
2.	Revenue on credit received (i) The credit sales in January, February received in March 2025 (inclusive of service charge 10%) (ii) The credit sales in February, March received in April 2025 (inclusive of service charge 10%) (iii) Revenue on credit (inclusive of service charge 10%) • 1 March 2025 – 30 March 2025 • 1 April 2025 – 30 April 2025 (iv) Service tax at 6%	 132,000 176,000 66,000 110,000
3.	Deposit on services On 4 April 2025, a 45% deposit received relating to birthday party for customer, to be held on 14 May 2025.	 120,000

Required:

(a) Elaborate the concept of service tax, the due date for payment for payment for the taxable period of 1 March 2025 to 30 April 2025.

(5 marks)

(b) Compute the service tax payable for the taxable period.

(5 marks)

[10 marks]

Question 4

Prisma Kimia Sdn. Bhd. (PKSB) is a company incorporated in Malaysia and a licensed manufacturer under the Sales Tax Act 2018 (Registration No. M-0034567-12). The company manufactures industrial-grade adhesive compounds and specialised coating resins, which are taxable goods subject to sales tax at the rate of 10%.

PKSB's manufacturing facility is located in Nilai, Negeri Sembilan, and the company's financial year ends on 31 December annually. PKSB submits its sales tax return (Form SST-02) to the Royal Malaysian Customs Department (RMCD) on a bi-monthly basis.

The following information relates to the taxable period from 1 January 2025 to 29 February 2025:

No.	Transactions	Value (RM)	Rate
1	Sales of adhesive compounds to Mega Build Sdn. Bhd., a licensed manufacturer (Licence No. M-0019882-07), which uses the compounds as raw materials in the manufacture of construction panels. Mega Build Sdn. Bhd. has furnished its sales tax licence number to PKSB.	240,000	10%
2	Sales of coating resins to Kedai Bahan Binaan Rashid, a hardware retail business which is not a licensed manufacturer.	88,000	10%
3	Export of adhesive compounds to a customer in Thailand. The goods were duly exported and supported by the relevant export documentation.	72,000	—
4	Sales of adhesive compounds to the Ministry of Works (Kementerian Kerja Raya), Malaysia, for use in government road maintenance projects.	55,000	10%
5	Sales returns received from Mega Build Sdn. Bhd. in relation to Transaction 1 above. The goods were returned within the same taxable period, and a credit note was duly issued by PKSB.	(18,000)	10%

No.	Transactions	Value (RM)	Rate
6.	Disposal of a used forklift, being a capital asset of PKSB and not manufactured by the company, to a logistics company for RM28,000.	28,000	-

Required:

(a) Compute the total sales tax payable by Prisma Kimia Sdn. Bhd. to the Royal Malaysian Customs Department (RMCD) for the taxable period from 1 January 2025 to 29 February 2025.

Your answer should:

- Treat each transaction separately and clearly state the sales tax treatment applicable to each transaction.
- Indicate "NIL" for any transaction that is not subject to sales tax, together with a brief explanation.
- State the due date for the remittance of sales tax by PKSB to the RMCD and identify the authority to whom the payment is to be made.

(18 marks)

(b) During the same period, PKSB imported a specialised chemical solvent from Germany for use in its manufacturing process. The details of the importation are as follows:

Item	Amount (RM)
Cost of goods (CIF - Cost, Insurance & Freight)	45,000
Customs duty imposed by RMCD at 5%	2,250
Handling charges at Malaysian port	800

The imported chemical solvent is a taxable good under the Sales Tax (Goods Exempted from Sales Tax) Order 2018 at a rate of 10%. PKSB is a licensed manufacturer and uses this solvent directly in its manufacturing process.

Required:

Compute the sales tax payable by PKSB on the importation of the chemical solvent from Germany.

(2 marks)

(c) State the value on which the sales tax is to be computed and explain whether PKSB is entitled to any exemption or relief from the payment of such sales tax.

(5 marks)

[25 marks]

Question 5

NovaTech Manufacturing Sdn. Bhd. (NMSB), a locally incorporated resident company based in Penang, is engaged in the manufacturing of semiconductor components for smart devices. The company has an issued share capital of RM4.2 million and closes its accounts on 31 December annually.

The following is the statement of profit or loss of NMSB for the financial year ended 31 December 2025:

	Note	RM'000	RM'000
Sales			24,860
Less: Cost of sales	1		(9,540)
Gross profit			15,320
Add: Interest income	2		220
Less: Expenses			
Staff remuneration	3	2,640	
Promotion and marketing	4	265	
Professional fees and charges	5	190	
Repairs and maintenance	6	1,430	
Bad and doubtful debts	7	510	
Depreciation		980	
Social responsibility and donation	8	1,000	
Lease payment	9	90	(7,105)
Net profit before taxation			8,435

Notes:

1. The cost of sales includes the following expenses:

		RM
i.	Provision for slow-moving stock for the year	350,000
ii.	Stock written off	140,000

2. Interest charged to trade receivables on the late settlement of outstanding accounts at the rate of 6% per annum on the outstanding balance.

3. Remuneration includes:

		RM
i.	Salary for normal employees, including directors' salary	2,050,000
ii.	Disabled employee	60,000
iii.	Senior citizen employees	48,000
iv.	Entertainment allowance for directors	450,000
v.	Internship allowances paid to engineering students under a programme approved by the Ministry of Human Resources.	32,000

4. Promotion and marketing expenses comprise the following:

		RM
i.	Registration of patents and product licensing overseas	190,000
ii.	Overseas trip for Marketing Director and family	75,000

5. Professional fees and charges comprise:

		RM
i.	Secretarial fees	12,000
ii.	Tax filing fees	10,000
iii.	Income tax appeal	168,000

6. Repairs and maintenance include:

		RM
i.	Equipment to facilitate access for disabled employees to washrooms	150,000
ii.	Renovation of company buildings	1,200,000
iii.	Installation of CCTV at warehouse	80,000

7.	Bad and doubtful debts include: | | | RM | | i. | Provision for specific bad debts from Alpha Sdn. Bhd | 90,000 | | ii. | Provision for general bad debts | 300,000 | | iii. | Bad debts written off from trade debtor | 120,000 |
8.	Social responsibility and donation include: | | | RM | | i. | Sponsorship of public amenities programme approved by authorities | 250,000 | | ii. | Sponsorship of approved foreign cultural activities | 600,000 | | iii. | Contribution to public school library | 150,000 |
9.	Lease rental paid amounted to RM90,000 to a leasing company in respect of a motor vehicle costing RM340,000 when new.
10.	Other additional information: i. The company incurred expenditure of RM1,000,000 on website development during the current year, and the expenditure was capitalised. ii. Current year and brought forward capital allowances amounted to RM950,000 and RM80,000 respectively. iii. Business losses brought forward from the year of assessment 2024 amounted to RM720,000.

Required:

Compute the chargeable income and income tax payable of NovaTech Manufacturing Sdn. Bhd. (NMSB) for the year of assessment 2025.

Your computation should commence with the net profit before tax and must incorporate all adjustments relating to Notes 1 to 10. Where no adjustment is required, clearly indicate "NIL".

[30 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

<table>
<tr><th>Type of company</th><th>Chargeable income (RM)</th><th>Company Income Tax rate (%)</th></tr>
<tr><td>Resident company
(other than company described below)</td><td></td><td>24</td></tr>
<tr><td rowspan="3">Resident company:
• 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.</td><td>First RM150,000</td><td>15</td></tr>
<tr><td>Next RM450,000</td><td>17</td></tr>
<tr><td>Excess RM600,000</td><td>24</td></tr>
<tr><td>Non-resident company</td><td></td><td>24</td></tr>
</table>

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 4th year after acquisition	20%
In the 5th year after acquisition	15%
In the 6th 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 4th year after acquisition	20%
In the 5th year after acquisition	15%
In the 6th 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 6th year after and thereafter from the acquisition date of property	10%

Witholding 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)