CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EAB20903
COURSE NAME	:	TAXATION 1
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	23 JUNE 2026
TIME	:	2:00 – 5:00 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 TWELVE (12) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

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

Question 1

(a) State **FOUR (4)** factors that are not relevant in determining the management and control of a company.

(4 marks)

(b) Miranda Priestly is a director of Polaris Ltd, a company resident in South Korea. She was appointed to oversee the company's Malaysian branch operations and spent the entire year in Malaysia. She received RM200,000 per annum as director's fees.

Required:
Determine whether the director's fees are taxable in Malaysia. Support your answer with the relevant provision of the Income Tax Act 1967

(4 marks)

(c) Lesley Lai, an employee of Giant Mountain Sdn. Bhd. was granted an option on 1 January 2022 to acquire 10,000 the company's share at RM3 per share not later than 30 June 2026. The market value of the shares at 1 January 2022 was RM15 per share.

On 1 September 2025, Lesley Lai exercised the option. The market price at 1 September 2025 was RM21 per share and the cost of the option is RM10,000.

Required:

i. Calculate the perquisite value derived by Lesley Lai from the exercise of the share option.

(5 marks)

ii. Determine the year of assessment in which the perquisite should be included in the taxpayer's employment income.

(2 marks)

[15 marks]

Question 2

(a) RSY Sdn. Bhd. prepares its accounts to 30 September. In July 2021, the company purchased a second-hand motor car under a hire purchase arrangement for use in its business. The cash price of the motor car was RM78,000. The company traded in its old car for RM24,000 and agreed to pay monthly instalments of RM3,500 for 18 months, commencing on 1 August 2021. The motor car was subsequently disposed of for RM39,000 in April 2025. Both the initial allowance and annual allowance rates are 20%.

Required:

Calculate the capital allowances, including any balancing charge or balancing allowance, for RSY Sdn. Bhd. for the relevant years of assessment up to YA 2025.

(12 marks)

(b) Lintas Kilat Sdn. Bhd, (LKSB) deals with installation of pumps for construction works. For the year ended 31 December 2025, the company provides you with the following information:

	RM
Aggregate income	400,000,000
Cash donation to Hospital Universiti Kebangsaan Malaysia (HUKM), an approved organization in January 2025	10,000,000
Cash donation to State Government of Selangor	20,000,000
Sponsor 40 shoes to Le Tour in Langkawi, an approved sport activity by Ministry of Finance	2,000,000
Cash donation to "Back to School", a project of national interest approved by the Minister of Finance in June 2025	35,000,000
Donations of Artefact, manuscript, or painting to government	5,000,000
Cash donation to public or school libraries, institutions of higher education libraries S44(8)	200,000
Cash donation for provision of facilities in public places for disabled person	500,000
Cash donation for medical equipment to approved healthcare facility	500,000
Donation painting to national or state art gallery	250,000
Zakat perniagaan	20,000,000
Donation school uniform to Perlis State Government	1,000,000

Donation 10 trucks value RM500,000 to Majlis Perbandaran Subang Jaya, Selangor	500,000

Required:

Computed the chargeable income for Lintas Kilat Sdn. Bhd. for YA 2025.

(8 marks)

[20 marks]

Question 3

(a) Positive Construct Sdn. Bhd. (PCSB) was incorporated on 1 February 2017 and prepares its accounts to 31 December annually. The company acquired a piece of land for RM120,000 for the purpose of constructing a factory. The following expenses were incurred in connection with the construction of the factory:

Date	Expenditure	Amount (RM)
5 February 2017	Wiring and plumbing	100,000
5 April 2017	Construction costs	740,000
15 April 2017	Cost of levelling land	40,000
29 April 2017	Payment to local authority for approval of plan	8,000
4 October 2017	Architect's Fees	22,000
6 November 2017	Legal Fees (of which RM4,000 was related to acquisition of site)	20,000

The building was completed on 2 December 2017, and business operations commenced on 20 January 2018. The building was wholly used as a factory until its disposal to Ciel Silver Sdn. Bhd. on 15 April 2021 for a total consideration of RM1,000,000, of which RM200,000 is attributable to the land.

Ciel Silver Sdn. Bhd., an existing company, utilised 80% of the building as a factory and the remaining 20% as office space.

Ciel Silver Sdn. Bhd. prepares its accounts to 30 September each year. As part of its business expansion, the company constructed an additional factory building. The qualifying expenditure in respect of the construction amounted to RM240,000. The building was completed on 15 December 2024 and was first used on 10 January 2025.

Required:

Calculate the industrial building allowance for both companies for the relevant years of assessment up to YA 2025.

(12 marks)

(b) Wang Yeo Sdn. Bhd. (WYSB), is in the business of manufacturing ice-cream. On 1 July 2025, the company bought one machinery for RM170,000 which is to be installed in the factory located at Nilai, Negeri Sembilan. The cost for levelling the site for such installation amounts to RM520,000.

Required:

Calculate the allowances, under Sch. 3 of the Act.

(5 marks)

[17 marks]

Question 4

The partnership of Mimi, Titi and Yiyi prepares its accounts to 31 December annually. Yiyi retired from the partnership on 30 June 2025, and Jiji was admitted as a partner on 1 July 2025. The partnership agreement stipulates that the profits for the year ended 31 December 2025 are to be shared as follows:

	Salary	Interest on capital
	RM	RM
Mimi	30,000	5,700
Titi	36,000	Nil
Yiyi	Nil	2,400
Jiji	18,000	2,000
	84,000	10,100

Profit sharing / ratio:

	Mimi	Titi	Yiyi	Jiji
1 January to 30 June 2025	2/4	1/4	1/4	-
1 July to 31 December 2025	1/3	1/3	-	1/3

The partnership's profit before tax for the year ending 31 December 2025 is RM276,900 after taking into account the following:

	RM	RM
Rental income		10,000
Interest income		8,000
Depreciation		33,100
Private expenses		
Mimi: private use of car	3,000	
Yiyi: medical expenses	4,000	
Partners' salaries		84,000
Interest on capital		10,100
Approved cash donation to state government paid on 2 May 2025		10,000
Approved cash donation to state government paid on 3 July 2025		18,000
Unapproved cash donation to local authority paid on 6 October 2025		4,000

Required:

(a) Compute the partnership's provisional adjusted income and divisible for the year ended 31 December 2025.

(9 marks)

(b) Determine each partner's statutory income from the partnership source for the YA 2025.

(13 marks)

[22 marks]

Question 5

En. Rahman retired optionally from government service on 29 February 2025, his 52nd birthday. He commenced employment with Thanos Sdn. Bhd. on 1 April 2025 at a monthly salary RM20,000. The following information applies to En. Rahman and Puan Rita.

Encik Rahman

1.	The company provided him with a new motor car costing RM300,000, along with a driver. The car was delivered and made available for his use on 1 July 2025.
2.	On 1 July 2025, he moved into a fully furnished house provided by the company. The annual value of the unfurnished house was RM400,000, while the value of the furnishings was RM280 per month, in accordance with IRB rulings.
3.	Encik Rahman was granted an option to acquire shares in Thanos Sdn. Bhd. at a price of RM2.80 per share. On 1 December 2025, he exercised the option when the market value of the shares was RM4.00 per share. He acquired 50,000 shares.
4.	Other benefits provided by the company for the period 1 April to 31 December 2025 were as follows: • Medical treatment for his children – RM3,500 • Dental treatment for his wife – RM1,500 • Leave passages to Pulau Tioman, Malaysia – RM2,800 • Leave passage to Penang, Malaysia – RM1,200 • Leave passage to Tokyo, Japan – Airfare : RM10,000 ; Food and Accommodation : RM20,000

5.	His incomes from government service for the year ended 31 December 2025 was as follows: • Salary for January and February – RM40,000 • Pension for March to December – RM100,000 • Retirement gratuity – RM75,000
6.	Encik Rahman's contributions to the Employees Provident Fund (EPF) in 2025 amounted to RM8,910. He also acquired a deferred annuity contract in 2025, for which the premium paid was RM4,500. In addition, he contributed RM2,000 to a Private Retirement Scheme (PRS).
7.	Encik Rahman purchased • Life Insurance – RM4,000 • Medical and/or education insurance premiums for self, spouse or child – RM6,000
7.	In January 2025, his son was hospitalised in a private hospital in Singapore due to a serious illness while on vacation. Encik Rahman incurred medical expenses totalling RM9,000.
8.	He made the following donations: • A hamper of goods worth RM1,500 to an old folks' home, which is an approved institution. • A cash contribution of RM35,000 to an approved healthcare facility for the purchase of medical equipment. • A cash contribution of RM15,000 for the provision of facilities in public places for persons with disabilities.
9.	He claimed child relief for an adopted disabled child, aged 12, who was legally adopted on 5 November 2025.
10.	The total Monthly Tax Deduction (MTD) deducted for YA 2025 was RM33,000.

Puan Rita

1.	She is a sole proprietor of a laundry service, which commenced business on 1 April 2025. The accounts for the period from 1 April 2025 to 31 December 2025 show an adjusted loss of RM5,000.
2.	Her other incomes for the year ended 31 December 2025 was as follows: • Dividend paid on 30 June 2025 (single tier) – RM10,000 • Rental income (adjusted) – RM36,000 • Interest income from fixed deposit in Malayan Banking Berhad – RM10,000

3.	A cash donation of RM500 was made to the Cancer Foundation, an organisation approved by the Director General.
4.	Puan Rita has a son from her previous marriage who is aged 26 and married. He commenced university studies in New Zealand in September 2025, and she incurred RM6,000 in respect of his education. She also has a daughter from her previous marriage who is aged 15 and unmarried. Puan Rita claimed child relief for her son but not for her daughter. However, she claimed a deduction of RM3,200 for insurance premiums relating to her daughter's education.

Required:

Compute the tax payable by Encik Rahman and Puan Rita for the YA 2025. Puan Rita did not elect for combined assessment.

Notes:

- You should indicate by the use of the word 'exempted' or 'nil', where appropriate, any item referred to in the question for which no adjusting entry needs to be made in the tax computation.
- Use the prescribed value method for benefits in kind.
- Show all the workings and notes of the working.

[26 marks]

END OF EXAMINATION PAPER

TAX RATES AND ALLOWANCES

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		0
	Next 15,000	1	150
20,001 – 35,000	First 20,000		150
	Next 15,000	3	450
35,001 – 50,000	First 35,000		600
	Next 15,000	6	900
50,001 – 70,000	First 50,000		1,500
	Next 20,000	11	2,200
70,001 – 100,000	First 70,000		3,700
	Next 30,000	19	5,700
100,001 – 400,000	First 100,000		9,400
	Next 300,000	25	75,000
400,001 – 600,000	First 400,000		84,400
	Next 200,000	26	52,000
600,001 – 2,000,000	First 600,000		136,400
	Next 1,400,000	28	392,000
Exceeding 2,000,000	First 2,000,000		528,400
	For every next ringgit	30%	....

Non-residents individual – YA2025

Individuals 30%

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		0
	Next 15,000	1	150
20,001 – 35,000	First 20,000		150
	Next 15,000	3	450
35,001 – 50,000	First 35,000		600
	Next 15,000	6	900
50,001 – 70,000	First 50,000		1,500
	Next 20,000	11	2,200
70,001 – 100,000	First 70,000		3,700
	Next 30,000	19	5,700
100,001 – 400,000	First 100,000		9,400
	Next 300,000	25	75,000
400,001 – 600,000	First 400,000		84,400
	Next 200,000	26	52,000
600,001 – 2,000,000	First 600,000		136,400
	Next 1,400,000	28	392,000
Exceeding 2,000,000	First 2,000,000		528,400
	For every next ringgit	30%	....

Non-residents individual – YA2025

Individuals 30%

Personal reliefs for YA 2025

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 • 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