



**PENINSULA**  
**COLLEGE**  
GEORGETOWN DK266-03(P)



**UNIVERSITY OF**  
**PLYMOUTH**

## FINAL EXAMINATION

Semester	:	<b>SEPTEMBER 2024 SEMESTER</b>
Programme Name	:	<b>BA (HONOURS) ACCOUNTING &amp; FINANCE 3+0 IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH</b>
Course Code & Name	:	<b>MAL2033 TAXATION</b>
Duration	:	<b>3 HOURS</b>

### INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY**.
2. The question paper consists of **FOUR (4)** questions.
3. Answer **ALL** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

### WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

*(This booklet contains 11 printed pages including this page)*

**DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO**

**TAX RATES AND ALLOWANCES**

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

**Income tax rates**

**Resident individuals  
Chargeable income**

	<b>RM</b>	<b>RM</b>	<b>Rate</b>	<b>Cumulative tax RM</b>
			<b>%</b>	
First	5,000	(0 - 5,000)	0	0
Next	15,000	(5,001 - 20,000)	1	150
Next	15,000	(20,001 - 35,000)	3	600
Next	15,000	(35,001 - 50,000)	8	1,800
Next	20,000	(50,001 - 70,000)	13	4,400
Next	30,000	(70,001 - 100,000)	21	10,700
Next	150,000	(100,001 - 250,000)	24	46,700
Next	150,000	(250,001 - 400,000)	24.5	83,450
Next	200,000	(400,001 - 600,000)	25	133,450
Next	400,000	(600,001 - 1,000,000)	26	237,450
Next	1,000,000	(1,000,001 - 2,000,000)	28	517,450
Exceeding	2,000,000		30	

**Resident company  
Paid up ordinary share capital**

	<b>First RM600,000</b>	<b>Excess over RM600,000</b>
RM2,500,000 or less	17%	24%
More than RM2,500,000	24%	24%
<b>Non-residents</b>		
Company		24%
Individual		30%

**Personal reliefs**

		<b>RM</b>
Self		9,000
Disabled self, additional		6,000
Medical expenses, expended for parents	(maximum)	8,000
Medical expenses expended on self, spouse or child with serious disease, fertility treatment and up to RM1,000 for vaccination and including up to RM1,000 for medical examination	(maximum)	8,000
Basic supporting equipment for disabled self, spouse, child or parent	(maximum)	6,000
Study course fees for skills or qualifications including up to RM2,000 for recognized upskilling and self-enhancement courses	(maximum)	7,000
Lifestyle allowance	(maximum)	2,500
Additional lifestyle allowance for sports related items	(maximum)	500
Spouse relief		4,000
Disabled spouse, additional		5,000
Child - basic rate	(each)	2,000
Child - higher rate	(each)	8,000
Disabled child	(each)	6,000
Disabled child, additional	(each)	8,000
Childcare (below six years old)	(maximum)	3,000
Breastfeeding equipment	(maximum)	1,000
Life insurance premiums	(maximum)	3,000
Contributions to approved funds	(maximum)	4,000
Life insurance (public service)	(maximum)	7,000
Private retirement scheme, deferred annuity premiums	(maximum)	3,000
Medical and/or education insurance premiums for self, spouse or child	(maximum)	3,000
Contributions to approved funds	(maximum)	350
Life insurance (public service)		
Payment for use of electric vehicle charging facility for non-business use	(maximum)	2,500

**Rebates**

	<b>RM</b>
Chargeable income not exceeding RM35,000	
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**

<b>Cost of motor car (when new)</b>		<b>Prescribed annual value of private usage of motor car</b>	<b>Prescribed annual value of private petrol</b>
<b>RM</b>		<b>RM</b>	<b>RM</b>
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 500,000	21,250	2,700
500,001	and above	25,000	3,000

The value of the motor car benefit equal to half the prescribed annual value (above) is taken if the car provided is more than five (5) years old.

Where a driver is provided by the employer, the value of benefit is fixed at RM600 per month.

**Other benefits**

	<b>RM per month</b>
Household furnishings, apparatus and appliances:	
Semi-furnished with furniture in the lounge, dining room, or bedroom	70
Semi-furnished with furniture as above plus air-conditioners and/or curtains and carpets	140
Fully furnished premises	280
Domestic help	400
Gardener	300

**Capital allowances**

	<b>Initial allowance (IA) Rate %</b>	<b>Annual allowance (AA) 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
Computers	20	20
<b>Agriculture allowances</b>		
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 agricultural expenditure	Nil	50

**Real property gains tax**

Category of disposal	Companies incorporated in Malaysia. Trustee of a Trust; body of persons		A disposer who is not a citizen and not a permanent resident, or an executor of the estate of a deceased person who is not a citizen and not a permanent resident; or a company not incorporated in Malaysia	All other persons
	Rate %	Rate %	Rate %	Rate %
Disposal within three years after date of acquisition	30	30	30	30
Disposal in the fourth year after date of acquisition	20	30	30	20
Disposal in the fifth year after date of acquisition	15	30	30	15
Disposal in the sixth year after date of acquisition or thereafter	10	10	10	0

**Sales and service tax**

Sales tax rate	5%/10%
Service tax rate	6%

Answer **ALL** questions on the separate sheet provided.

**[100 marks]**

1. Khairul is the sole proprietor of a trading business. Statutory income of RM45,000 computed for the year 31 December 2024.

**Additional details for Khairul**

**Real properties**

He owns a semi-detached house which was let for the first time on 1 July 2024. Details of the property are as follows:

	RM
Semi-detached house	4,000 per month
Gross rental from 1 July 2024 to 31 December 2024	200
Assessment 1 January 2024 to 31 December 2024	600

Royalties of RM13,000 from the sale of CDs recorded by him as a musician.

Quit rent 1 January 2024 to 31 December 2024

Single-tier dividend received from GBS Bhd of RM15,000 on 30 June 2024.

He donated a dialysis machine costing RM22,000 to a kidney centre approved by the Ministry of Health. The value of the gift was certified by the Ministry of Health at RM22,000.

Khairul and his wife went for fertility treatment at a Specialist Hospital in Bangsar. Khairul paid RM12,000 for the treatment for the year 2024.

**Farah**

Farah, wife of Khairul, is a director (not a service director) of a controlled company. She has the following income for the year ended 31 December 2024.

	RM
Salary	48,000 per annum
Entertainment allowance	6,000 per annum
Petrol allowance	12,000 per annum
Director's fees	10,000

She was provided with a company car (without petrol benefits) as follows:

A six-year-old Honda costing RM140,000 when new from 1 January 2024 to 30 September 2024. A new Toyota costing RM105,000 and a driver from 1 October 2024 to 31 December 2024. She and her family live in a semi-furnished house provided by the company. The defined value for accommodation is RM36,000 and furnishings per the Inland Revenue Board public ruling is RM1,680 per annum.

She made the following claims in her income tax return:

	RM
Contributions to Employees Provident Fund	7,040
Insurance premium on her life	2,800
Insurance premium for her own medical benefits	3,315
Entertainment expenses incurred in entertaining clients	8,300
Petrol expenses in performance of duties	5,000
Annuity insurance premium	1,500
A private retirement fund approved by the Securities Commission	1,800

***Required***

Compute the chargeable income of Khairul and Farah for the year of assessment 2024.

**Note.** You should indicate by the use of '0' any item referred to in the question for which no adjusting entry needs to be made in the tax computation.

Total: [30 marks]

2. Details of Carmore Sdn Bhd for the year ended 30 November 2024 is as follows:

	Note	RM'000	RM'000
Sales			23,600
Cost of sales	1		<u>(9,800)</u>
Gross profit			13,800
Less: Salaries and wages	2	3,033	
Freight and insurance	3	2,068	
Consultancy fees	4	166	
Motor vehicle expenses	5	186	
Annual general meeting expenses	6	20	
Donations	7	1,000	
Staff welfare	8	50	
Legal charges	9	2	
Lease rentals	10	63	<u>(6,588)</u>
			7,212
Add: Other income			
Interest	11		<u>18</u>
Profit before taxation			<u>7,230</u>

**Notes**

1. Cost of sales includes obsolete stock write-offs amounting to RM58,000.
2. Salaries and wages include a sum of RM28,000 paid to an individual to persuade him to join the company as a marketing executive.
3. Freight and insurance includes insurance premiums of RM30,000 on the lives of key personnel. The intention is to provide the company with funds which it may, at its discretion, use to make payments to their dependants in the event of the premature death of any key personnel.
4. Consultancy fees paid to a local consultant engaged to implement and oversee the usage of information technology for improving the management and production processes of the company.
5. Motor vehicle expenses include depreciation of RM55,000.
6. Annual general meeting (AGM) expenses were in respect of postage for notices of the general meeting and the cost of printing for the directors' report and accounts.
7. Donations comprise:

	RM'000
Cash donated to approved institutions	900
Cash contributions to public libraries	<u>100</u>
	<u>1,000</u>

The above donations were made on 22 February 2024.

8. Staff welfare is in respect of the construction cost of a childcare centre amounting to RM50,000.
9. The legal charges were incurred in connection with application of banking facilities of the company.
10. The lease rentals related to a motor car, commenced on 20 December 2024 at RM5,250 per month for a period of 24 months. (The cost of the vehicle was RM156,000.)
11. Interest received from trade debtors in respect of overdue accounts.
12. Capital allowances for motor vehicle for year of assessment 2024 amounted to RM35,000.

***Required***

Starting with the net profit before taxation, compute the chargeable income of Carmore Sdn Bhd for the year of assessment 2024.

**Note.** Your computation must follow the description used in the notes to the profit and loss account, indicating by use of 'O' for every item that does not require adjustment.

Total: [20 marks]

3. Lunarium Hotel (M) Sdn Bhd (FYE 31 December) operates a hotel in Langkawi, which it has done since 2016. The company incurred the following capital expenditure for the purposes of its business:
- (1) Hotel equipment fixtures and fittings incurred for the year ended 31 December 2024 amounted to RM2.4 million, including fixtures that were used for administrative purposes of RM400,000.
  - (2) Crockery and glassware, bedding and linen totalling RM880,000 were replaced during the year 2024.
  - (3) A chandelier imported in July 2024 totalling RM1 million. The company suffered a loss on foreign exchange of RM100,000 on the purchase.
  - (4) In March 2024, two vans costing RM160,000 were transferred from Stella Sdn Bhd (Stella) and used in Lunarium business. The vans were all acquired in January 2024 by Stella and were registered in its name and paid for by Stella.
  - (5) In February 2021, the company purchased a new Honda Accord costing RM140,000. However, the car was registered under the name of Nick (staff of the company). The car was used in the company's business but it was subsequently sold to Nick in December 2024 for RM63,000.
  - (6) The company also maintains a foreign branch office in Hong Kong. On 1 July 2024, office equipment was transferred to the hotel from Hong Kong. The total book value and market value of the assets, as at 1 July 2024, were RM14,000 and RM18,000 respectively.
  - (7) Capital allowances computed on assets (other than above) amounted to RM1,200,000 for Y/A 2024.

**Required**

- (a) Explain the meaning of 'ownership' for purposes of capital allowances under Schedule 3 of the Income Tax Act 1967. (1 mark)
- (b) Explain with reasons, whether the company is eligible for capital allowances for the following:
  - i. The two vans transferred from Stella Sdn Bhd (2 mark)
  - ii. The Honda Accord car registered under the name of Nick (4 mark)
- (c) Compute the capital allowances for the year of assessment 2024. (14 marks)
- (d) Compute the balancing charge/allowance for the year of assessment 2024. (9 marks)

Total: [30 mark]

4. a) The following scenario relates to requirements (a)(i) and (ii).

A foreign service provider (FSP) is required to be registered as a foreign registered person (FRP) under the Service Tax Act 2018 if they provide digital services to consumers in Malaysia which exceed the threshold of RM500,000 for a period of twelve months or less.

**Required**

- i. Explain briefly the term digital services adopted by the Royal Malaysian Customs Department for implementation of service tax on digital services.  
(2 marks)
- ii. Explain the criteria used to identify whether a consumer is from Malaysia by a foreign registered person for service tax on digital services of 6% to be levied.  
(14 marks)

- b) The following scenario relates to requirements (b)(i) and (ii).

Rahim & Co is an architecture company in Malaysia. They requested a 3D drawing from JLY & Co, which is located in New York. JLY & Co will send the drawing via email to Rahim & Co.

**Required**

- i. Explain whether the services provided by JLY & Co are digital services.  
(2 marks)
- ii. State any service compliance by Rahim & Co in respect of the above transaction.  
(2 marks)

Total: [20 marks]

**- END OF QUESTIONS -**