



UNIVERSITY OF
PLYMOUTH

FINAL EXAMINATION

Programme Name	:	BA (HONOURS) ACCOUNTING & FINANCE 3+0 IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH
Course Code & Name	:	MAL2010 TAXATION
Duration	:	3 HOURS

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 the accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

(This booklet contains 5 printed pages including this page)

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

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

[100 marks]

1. Andy first arrived in Malaysia on 1 November 2017 and left Malaysia permanently on 31 October 2023. His pattern of stay was as follows:

Year	Period of stay	Place
2017	01.11.2017 to 31.12.2017	Malaysia
2018	01.01.2018 to 10.07.2018	Malaysia
	02.09.2018 to 11.10.2018	Malaysia
2019	03.04.2019 to 05.10.2019	Malaysia
2020	03.04.2020 to 15.07.2020	Malaysia
2021	18.01.2021 to 31.01.2021	Malaysia
	01.02.2021 to 07.02.2021	Social Visit to Thailand
	08.03.2021 to 30.06.2021	Malaysia
	01.07.2021 to 14.07.2021	Business Trip to Taiwan
	15.07.2021 to 01.08.2021	Malaysia
	02.08.2021 to 31.12.2021	Singapore
2022	01.01.2022 to 31.12.2022	Singapore
2023	01.01.2023 to 31.10.2023	Malaysia

You are required:

Determine and explain Andy's tax residence status for each year of the Assessment 2017 to 2023 based on Section 7(1) of the Income Tax Act 1967. (28 marks)

Total: [28 marks]

2. Jimmy, an employee of ABC Sdn. Bhd., has a remuneration package for the year 2023 as follows:

Items	Amount (RM)
Salary	9,000.00 per month
Entertainment allowance	3,600.00 per month
Bonus	18,000.00
Leave passage to England with family	8,000.00

Additional notes:

- The company paid for a tuition fee of RM 3,600.00 for his children.
- The company employed a domestic servant for Jimmy at a monthly salary of RM 800.00. Jimmy employed a gardener at a monthly salary of RM 700.00 and claimed reimbursement from the company.
- From 1 July 2023, he was provided with a company car costing RM 168,000.00 and a driver. Petrol for the six months amounted to RM 2,400.00.
- Jimmy and his family live in a fully furnished house rented by the company at a monthly rental of RM 6,700.00, which includes rental of furniture of RM 1,200.00.
- He received a watch of RM 3,127.00 from his employer.
- He received a single tier dividend from XYZ Sdn. Bhd. which amounted to RM 500.00.
- He also received bank interest from CIMB Bank amount RM 600.00.

- h) He rented out his new house to Ms Siti which started 1 August 2023 with the following tenancy agreement:
- i. Term of tenancy – A period of three years commencing 1 August 2023.
 - ii. Payment of rental – First year rental RM 36,000.00 paid in advance on 1 August 2023, thereafter payable at the end of each month at RM 3,000.00 per month.
 - iii. Expenses for the rent as shown below:

Items	Amount (RM)
Assessment	600.00
Interest on house loan	8,280.00
Air-condition installation	6,000.00
Signing for rental agreement	1,000.00
Advertisement for new tenant	1,000.00
Installation of locks	500.00

- i) During 1 March 2023, he translated a literary work at the specific request of the Attorney General's Chambers with the translation fee received for RM 24,000.00.
- j) He also received the royalty fee from the book published on 1 July 2022. The royalty received for the year 2023 amounted to RM 10,000.00.
- k) He made a cash donation of RM 28,000.00 to an approved orphanage.
- l) He claimed a tax deduction of RM 28,000.00 incurred for entertainment of ABC Sdn. Bhd.'s clients and Employees Provident Fund contributions of RM 16,920.00.
- m) He also claimed relief for his wife and his three children below the age of 18.
- n) Jimmy purchased sport equipment with costs RM 580.00 and paid for a broad band internet subscription for the year 2023 with RM 1,200.00.
- o) Jimmy paid an annuity insurance premium of RM 1,200.00 which he has taken out since 2015.
- p) During the year, he also contributed RM 2,900.00 to a private retirement fund approved by the Securities Commission.
- q) He won the lottery, which amounted RM 20,000.00 during 30 November 2023.

Cost of Car (RM)	Annual Value of Private Usage of Car (RM)	Fuel Per Annum (RM)
Up to 50,000.00	1,200.00	600.00
50,001.00 to 75,000.00	2,400.00	900.00
75,001.00 to 100,000.00	3,600.00	1,200.00
100,001.00 to 150,000.00	5,000.00	1,500.00
150,001.00 to 200,000.00	7,000.00	1,800.00
200,001.00 to 250,000.00	9,000.00	2,100.00
250,001.00 to 350,000.00	15,000.00	2,400.00
350,001.00 to 500,000.00	21,250.00	2,700.00
500,001.00 and above	25,000.00	3,000.00

Chargeable Income (RM)	Tax Rates (RM)	Tax Payable (RM)
1.00 to 5,000.00	0%	0.00
5,001.00 to 20,000.00	1%	150.00
20,001.00 to 35,000.00	3%	600.00
35,001.00 to 50,000.00	6%	1,500.00
50,001.00 to 70,000.00	11%	3,700.00
70,001.00 to 100,000.00	19%	9,400.00
101,000.00 to 250,000.00	25%	46,900.00
250,001.00 to 400,000.00	26%	84,400.00

You are required:

- i) Compute the adjusted rental income for Jimmy for year of assessment 2023. (5 marks)
- ii) Compute the tax payable for Jimmy for the year of assessment 2023. (24 marks)
Total: [29 marks]
3. Asiaplus Sdn. Bhd. engaged in the manufacture of tyres. The company's Statement of Profit and Loss for the Year Ended 30 September 2023 shows the following:

	Note	RM '000.00	RM '000.00
Sales	a		32,506
Less: Cost of Goods Sold	b		(21,440)
Gross Profit			11,066
Less:			
Other Operating Expenses (Allowable)		4,154	
Legal Expenses	c	14	
Repairs and Maintenance	d	32	
Depreciation		1,003	
Annual General Meeting Expenses	e	19	
Practical Training	f	44	
Insurance Proceeds	g	(625)	
Export Credit Insurance Premiums	h	17	
Library Facilities	i	110	(4768)
Profit Before Tax			6,298

Notes:

- a. i. Sales include an unrealised gain from foreign exchange in respect of the sale of tyres amounting to RM 40,000.00.
- ii. A foreign exchange gain of RM 50,000.00 which arose from a trade receivable in the previous year of assessment was also realised during the current year. This gain has not been included in the Statement of Profit and Loss.
- b. Cost of sales includes the following costs in respect of warranty claims for faulty tyres:

A provision in respect of claims not yet settled	27,000
A payment to settle a claim made during the year	8,000

- c. Legal expenses comprise:

Legal costs on trading goods lost in transit	6,000
Legal expenses to obtain a trading licence	8,000

- d. Repairs and maintenance consists of an extension to the company's existing factory amounting to RM 32,000.00.
- e. 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.
- f. Practical training in relation to the business of Asiaplus Sdn. Bhd. was given to non-employees who are resident in Malaysia.
- g. The insurance proceeds were paid to Asiaplus Sdn. Bhd. under a whole life policy on the accidental death of the company's chief executive officer. Premiums of the policy were disallowed for all the previous years.
- h. The export credit insurance is provided by a company approved by the Minister of Finance.
- i. The sum of RM 110,000.00 was incurred in providing library facilities which are accessible to the public.
- j. Capital allowance for year of assessment 2023 amounted to RM 895,000.00.

You are required:

Compute the statutory income of Asiaplus Sdn. Bhd. for the year of assessment 2023.

(20 marks)

Total: [20 marks]

4. a) Explain the following terms:

- i. Self-assessment system. (4 marks)
- ii. Current year of assessment. (4 marks)

- b) Discuss the responsibility to keep the documents under Section 82 of Income Tax Act 1967 and list down any **TWO (2)** examples of documents to be kept by the taxpayer. (5 marks)

- c) Taxpayers owe a duty and responsibility to the Government in relation to income tax payable under the Income Tax Act 1967. List down the **FIVE (5)** offences and related penalties according to the Income Tax Act 1967. (10 marks)

Total: [23 marks]

- END OF QUESTIONS -