

SULIT

SPSS/JAN2024/DAC2083



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**KOLEJ YAYASAN PELAJARAN JOHOR  
FINAL EXAMINATION**

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**COURSE NAME : TAXATION 1**  
**COURSE CODE : DAC2083**  
**EXAMINATION : JANUARY 2024**  
**DURATION : 3 HOURS**

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**INSTRUCTION TO CANDIDATES**

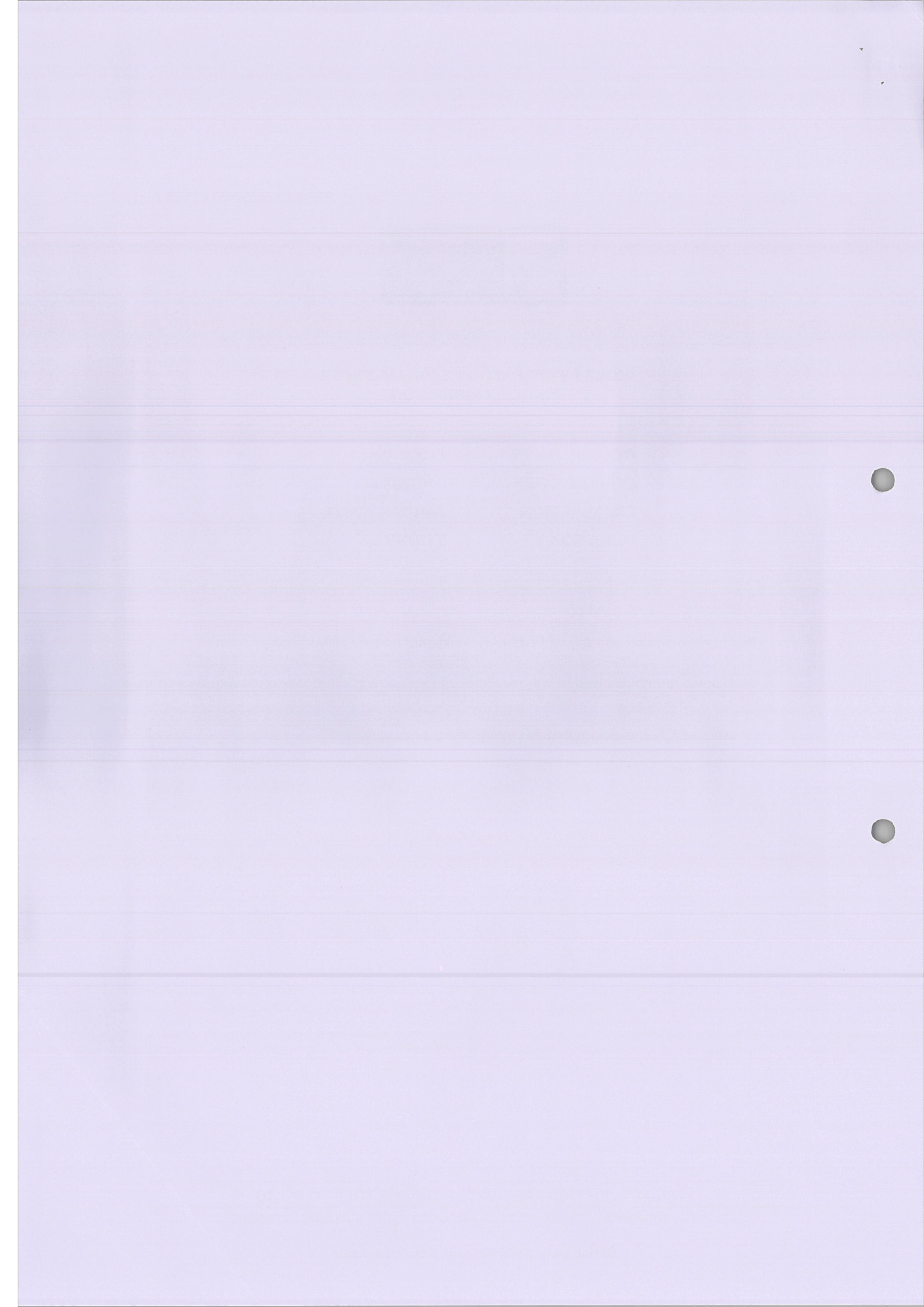
1. This question paper consists of **FOUR (4)** questions. Answer all questions.
2. Candidates are not allowed to bring any material to examination room except with the permission from the invigilator.
3. Please check to make sure that this examination pack consist of:
  - i. The Question Paper
  - ii. An Answering Booklet

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*This examination paper consists of **10** printed pages including front page*



This question paper consists of **FOUR (4)** questions.

Answer ALL questions in Answering Booklet.

### QUESTION 1

Francis Yap is a Singaporean who is currently working at a well-known film production company in Malaysia. His expertise is required to produce innovation of new technical skill in producing action movies. This innovation is able to reduce the cost of production and increase the quality of camera lighting. His periods of stay in Malaysia is as follows:

Year	Periods of stay	Remarks
2017	10/11/2017 – 22/12/2017	
2018	01/02/2018 – 20/05/2018 25/05/2018 – 08/11/2018 12/11/2018 – 05/12/2018	
2019	04/10/2019 – 03/12/2019 13/12/2019 – 25/12/2019	He went to Paris to attend a short-term training related to a new movie which will be screened in Malaysia from 26/12/2019 until 03/01/2020
2020	04/01/2020 – 31/08/2020 01/10/2020 – 31/12/2020	He went to Singapore for his brother's wedding ceremony and family gathering from 1/9/2020 until 30/09/2020.
2021	01/01/2021– 30/03/2021 1/07/2021 – 20/10/2021	
2022	01/05/2022 – 10/06/2022 1/7/2022 – 31/07/2022	He went to Hawaii with his wife for their 10th wedding anniversary celebration from 11/6/2022 until 30/6/1022
2023	12/04/2023 – 17/7/2023	18/7/2023 went back to Singapore for good.

#### Required:

- a. Determine the tax residence status of Francis Yap for the relevant years of assessment 2019 until year of assessment 2023. Provide the relevant

sections and reasons to support your answer.

(17 marks)

- b. Temporary absence is allowed to be treated as physical presence in Malaysia and it is merely to facilitate the application of Section 7(1)(b). List **THREE (3)** circumstances of temporary absence.

(3 marks)

## QUESTION 2

Encik Adam El-Deen (42 years old) has been working as an internal auditor with FACs Bhd since 1 January 2010. On 30 November 2023, due to the restructuring of the company, his service was terminated by the company and he was paid gratuity of RM60,000 and compensation for loss of employment amounting to RM120,000. The following were remunerations and benefits that he received from his employment for the basis year 2023.

- a) Salary of RM5,240 per month after deduction of EPF 11%, housing loan amounting to RM1,500 and schedular tax deduction (STD) of RM202.
- b) Entertainment allowance of RM1,200 per month and 2 months salary as bonus.
- c) On 10 May 2023, the company offered the share option scheme for 10,000 units of share at RM2.50 per unit with the market price of RM5.50 per unit. He exercised his option on 7 June 2023 when the market value of the share was RM7.30 per unit.
- d) A car costing RM165,000 purchased in 2021 was provided to him until 30 November 2023.

- e) A fully furnished house with a defined value of RM27,000 per annum (inclusive of RM3,000 value of furniture) was provided together with the service of maid until 30 November 2023. The company paid to the maid RM600 per month.
- f) He received a cash gift of RM3,000 for excellent service award in year 2023.
- g) He received a monthly meal allowance of RM500.
- h) The company paid RM3,500 and RM1,000 for medical and dental treatment for his wife and children respectively.
- i) Cost of leave passages to New Zealand RM15,000 and Sabah RM2,000 were provided to Encik Adam and his family.
- j) The company paid monthly subscription of RM200 being corporate membership in a recreation club until November 2023.
- k) Encik Adam produced entertainment bills of RM14,560 that was fully expended in carrying out his official duties.

**Required:**

Compute the statutory employment income for En Adam El-Deen for the year of assessment 2023.

(25 marks)

**QUESTION 3**

A. Non-allowable expenses should be added back in computing the adjusted business income. List **FOUR (4)** categories of non-allowable expenses.

(4 marks)

B. Umar is the owner of Warrior Enterprise. The following is the Statement of Profit or Loss of the business or the year ended 31 December 2023.

	Note	RM	RM
<b>Sales</b>	1		380,800
Less: cost of sales			(125,000)
Gross profit			<u>255,800</u>
<b>Add: other income</b>			
Rental income	2		<u>28,800</u>
			284,600
<b>Less: expenses</b>			
Rental	3	50,400	
Utilities	4	13,200	
Salary, bonus and EPF	5	130,760	
Purchase of equipment		10,500	
Insurance	6	15,800	
Medical expenses	7	5,500	
Professional fees	8	6,280	
Fees and donations	9	7,900	
Entertainment	10	8,400	
Bad debts	11	2,950	
Bank charges	12	6,000	
Depreciation		9,200	(266,890)
<b>Net profit</b>			<u>17,710</u>

**Notes to the accounts:**

1. The business sold goods on credit worth RM7,400 on 31 December 2023. However, this transaction was not recorded in the books of account.
2. Rental income was received from an apartment rented out to Chua.

3. Umar rented a 3-storey shop house at Jalan Bahagia. The ground and first floor were used for his business and his daughter's business respectively. The second floor was occupied by Umar's family.

4. Two-third of the utilities was for personal consumption.

5. Salaries, bonus and EPF:

	<b>Salaries</b>	<b>Bonus</b>	<b>EPF</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Umar	48,000	8,000	6,160
Shukri (disabled employee)	9,600	1,500	2,000
Riyyan (employee)	18,000	2,000	4,100
Zaidi (employee)	24,000	2,400	5,000
	<u>99,600</u>	<u>13,900</u>	<u>17,260</u>

6. Life insurance comprises:

	<b>RM</b>
Fire insurance for business premise	10,800
Life insurance for daughter	5,000
	<u>15,800</u>

7. Medical expenses comprise:

	<b>RM</b>
Adam (son)	800
Employees	4,700
	<u>5,500</u>

8. Professional fees comprise:

	<b>RM</b>
Legal fee to purchase land	3,500
Accounting fee	2,780
	<u>6,280</u>

9. Fees and donations comprise:

	<b>RM</b>
Cash donation to Rumah Anak Yatim Perkaya (approved)	2,900
Entrance fee to trade association	200
Trade association annual fee	1,000
Business zakat	3,800
	<u>7,900</u>

10. Entertainment comprises:

	RM
Annual dinner for employees	2,900
Rereshment for potential client	1,300
Free calendar with business logo to customers	4,200
	<u>8,400</u>

11. Bad debts comprise of RM400 for trade debts written off, RM700 or specific bad debts and the balance is for general bad debts.

12. Incuded in the bank charges was interest of RM460 charged on his wife personal loan.

13. Capital allowances:

	RM
Brought forward from the year assessment 2022	29,200
Current year of assessment	23,600

**Required:**

Compute the statutory business income of Umar for the year of assessment 2023.

Indicate 'nil' for any item(s) that does not require any adjustment.

(21 marks)



**QUESTION 4**

Aryan and his wife Sheeda are residents in Malaysia for the year 2022. Below was the income of Aryan and Sheeda:

**Aryan:**

## 1. Business income:

	Partnership	Pasaraya Aryan (Soleproprietor)
	RM	RM
Adjusted income/loss	130,000	(30,000)
Capital allowance	9,000	4,000
Balancing charge	7,000	2,500

## 2. Dividend:

RM3,300 from Leong Bhd (pioneer status)

RM2,400 from a company in Hong Kong (remitted)

## 3. Interest:

RM3,800 from Bank Islam Malaysia Berhad

**Sheeda:**

1. She is an account executive, received salary of RM2,225 per month (net of 11% EPF).

2. She has an apartment in Damansara and it was rented out starting from 1 March 2022. Below are the information relating to the apartment:

	RM
Monthly rental	2,400
Fire insurance (per annum)	3,600
Quit rent (from March to December 2023)	2,500
Cost of installing air condition (in June)	3,500
General repair (in October)	1,800

3. She also received royalty of RM22,000 for translation of books approved by Dewan Bahasa dan Pustaka.

**Additional information:**

- a) Aryan and Sheeda were blessed with three children:
- Hafizah : 24 years old, married and a full-time student at Universiti Malaya.
  - Hanif : 22 years old, physically disabled and studying in Universiti Teknologi Malaysia.
  - Hariz : 10 years old, schooling at Sekolah Rendah Jaya, Selangor.
- b) Cash donations donated by Aryan and Sheeda were as follows:
- Aryan : RM5,000 to old folks' home in Aceh, Indonesia.
  - Sheeda : RM3,000 to old folks' home in Melaka (an approved organisation).
- c) The following are expenditures incurred by Aryan and Sheeda for year 2022:
- i. RM2,750 education insurance premium paid by Aryan for his son, Hariz.
  - ii. Aryan paid RM2,900 for yearly internet subscription registered under his name and bought a laptop for his son's use for RM3,500 on July 2022.
  - iii. Sheeda bought a wheel chair costing RM4,100 for Hanif.
  - iv. Aryan paid medical expenses for his parents and mother in-law which amounted to RM5,400 and RM3,500 respectively.
  - v. Life insurance premium paid by Sheeda was RM4,850 on her life.
  - vi. In August 2022, Sheeda purchase a domestic tour package to Pulau Pangkor RM1,200. The purchase was made through a licensed travel agent registered with the Commissioner of Tourism.
  - vii. Sport equipment purchased by Aryan and Sheeda were RM1,500 and RM1,200 respectively.

viii. Aryan and Sheeda paid *zakat* amounted RM2,500 and RM360 respectively.

**Required:**

Compute the income tax payable by Aryan and Sheeda for the year of assessment 2022. Round off your answer to the nearest RM.

(30 marks)

**[100 MARKS]**

**END OF QUESTION PAPER**

## APPENDIX I

- The following tax rates are to be used in answering the questions
  - Resident individuals

Chargeable Income (RM)			Rate	Cumulative Tax (RM)
0	-	2,500	0%	0
2,501	-	5,000	0%	0
5,001	-	10,000	1%	50
10,001	-	20,000	1%	150
20,001	-	35,000	3%	600
35,001	-	50,000	8%	1,800
50,001	-	70,000	13%	4,400
70,001	-	100,000	21%	10,700
100,001	-	250,000	24%	46,700
250,001	-	400,000	24.5%	83,450
400,001	-	600,000	25%	133,450
600,001	-	1,000,000	26%	237,450
1,000,001	-	2,000,000	28%	517,450
Above 2,000,000			30%	

- Non-resident individuals 30%

- Benefits-in-kind (BIK) scale rates as per Inland Revenue Board (IRB) guidelines

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 - 75,000	2,400	900
75,001 - 100,000	3,600	1,200
100,001 - 150,000	5,000	1,500
150,001 - 200,000	7,000	1,800
200,001 - 250,000	9,000	2,100
250,001 - 350,000	15,000	2,400
350,001 - 500,000	21,250	2,700
500,001 and above	25,000	3,000

The value of the car benefit equivalent to half of the above rates is taken if the car provided is more than five years old.

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

## APPENDIX II

- Household furnishing, apparatus and appliances

Types of BIK	Annual value of BIK RM
Semi-furnished with furniture in lounge, dining room or bedroom	840
Plus one or more of the following: Air-conditioners, curtains, carpets	1,680
Plus one or more of the following: Kitchen equipment, crockery, utensils, appliances i.e fully furnished	3,360

- Rates of Capital Allowances

	Motor Vehicles	Heavy Plant & Machinery	General Plant & Machinery	Computers & Software	Others	Building
Initial allowance	20%	20%	20%	20%	20%	10%
Annual allowance	20%	20%	14%	20%	10%	3%

- Personal Reliefs

		RM
Self		9,000
Disabled self, additional		6,000
Medical expenses expended on parents	(maximum)	8,000
Medical expenses expended on self, spouse or child with serious disease including: medical examination expense : RM1,000 vaccination : RM1,000 fertility treatment	(maximum)	8,000
Basic supporting equipment for disabled self, spouse, child or parent	(maximum)	6,000
Study course fees for skills or qualifications (up to RM1,000 for upskilling or self enhancement course)	(maximum)	7,000
Lifestyle	(maximum)	2,500
Lifestyle, additional (purchase of personal computer/ smartphone/ tablet) (additional)	(maximum)	2,500
Healthy lifestyle (sport equipment, entrance fee to sport activity, etc.)	(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

## APPENDIX III

Disabled child, additional	(each)	8,000
Childcare fees (below six years old)	(maximum)	3,000
Breastfeeding equipment	(maximum)	1,000
Life insurance premium	(maximum)	3,000
Contribution to approved provident fund	(maximum)	4,000
Life insurance ( <i>Pensionable public servant</i> )	(maximum)	7,000
Private retirement scheme contribution, deferred annuity premium	(maximum)	3,000
Medical and/or education insurance premium for self, spouse or child	(maximum)	3,000
Deposit for a child into the Skim Simpanan Pendidikan Nasional (SSPN)	(maximum)	8,000
Contribution to the Social Security Organisation (SOCSO)	(maximum)	250
Domestic travelling expenses (local tour package, accommodation & entrance fee)	(maximum)	1,000

- **Rebates**

<b>Chargeable income not exceeding RM35,000</b>			<b>RM</b>
* Individual – basic rate			400
* Additional rebate when wife/husband relief is claimed			400
Departure levy for <i>umrah</i> travel / religious travel for other religions	Flight class	Destination/rate	
		ASEAN	Others
		RM	RM
	Economy	8	20
	Business/First	50	150
<i>Zakat/Fitrah</i>			Amount incurred



