



---

**KOLEJ YAYASAN PELAJARAN JOHOR  
FINAL EXAMINATION**

---

**COURSE NAME : TAXATION 1**  
**COURSE CODE : DAC2083**  
**EXAMINATION : DECEMBER 2022**  
**DURATION : 3 HOURS**

---

**INSTRUCTION TO CANDIDATES**

1. This question paper consists of **FOUR (4)** questions. Answer all the 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. A three – page Appendix
  - iii. An Answering Booklet

---

**DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO**

---

*This examination paper consists of 8 printed pages including front page*

**QUESTION 1**

Mr Chua, an accountant from China, first arrived in Malaysia on 1 July 2017. He signed an employment contract with Tenaga Maju Sdn Bhd, a resident company in Malaysia for seven (7) years. His periods of stay were as follows:

Year	Periods of stay	Note
2017	01/07/17 – 30/11/17	1
	15/12/17 – 31/12/17	
2018	01/01/18 – 27/06/18	
2019	01/01/19 – 31/12/19	
2020	05/03/20 – 15/06/20	
2021	Not in Malaysia	
2022	28/03/22 – 31/12/22	

**Note 1:** Mr Chua went back to his home country to visit his wife who was hospitalised from 1 December 2017 to 14 December 2017.

**Required:**

- a. Determine the residence status of Mr Chua for the year of assessment 2017 until 2022. State the relevant sections and reasons to support your answer.

(16 marks)

- b. Briefly explain the temporary absent in accordance to Section 7(1B) of the Income Tax Act.

(4 marks)

(Total: 20 marks)

**QUESTION 2**

Juwita is working as a Finance Manager in Kencana Bhd since January 2000. In September 2022, she involved in an accident and became paralysed. On 30 September 2022, her employment was terminated due to that reason. She was paid a gratuity of RM150,000 and a compensation for loss of employment of RM100,000.

Other payments and benefit received by Juwita in 2022 were as follows:

- a. Net monthly salaries of RM9,000 after deducting EPF 11% and schedular tax deduction system (STD) of RM612.

- b. Bonus for year 2021 equal to 2 month salary was paid in January 2022.
- c. She received one off meal allowance amounting RM2,500.
- d. During the company's Grand Dinner 2022, Juwita received a letter of appreciation and cash gift of RM5,000 for her excellent service.
- e. Medical bills of RM5,000 were paid by the company.
- f. Corporate membership recreation club with monthly subscription amounted to RM300 was paid by the company.
- g. The company also provided her the benefit of leave passages to Sabah dan Paris. The cost of leave passages was RM1,800 to Sabah and RM5,600 (including cost of food and hotel of RM1,500) to Paris.
- h. A car was provided by the company the company since 2010 with petrol and Juwita used the car until 30 September 2022. The cost of car was RM135,000. Juwita hired a driver with a monthly salary of RM1,000 and claimed the driver's salary from the company.
- i. A fully furnished house was provided to her until the last day of employment. The monthly rental of RM1,500 (including value of furniture of RM500) was paid by the company. A servant and gardener were also provided by the company. However, he was required to pay maintenance expenses for the house RM500.
- j. Withdrawal of RM120,000 from an unapproved provident fund of which 45% was contributed by the company.
- k. Juwita spent RM7,000 to entertain company's clients.
- l. She received a travelling allowance of RM800 per month.
- m. Juwita paid annual membership fees of RM300 to Malaysian Institute of Accountants.

**Required:**

Compute the statutory employment income for Juwita for the year of assessment 2022.

(25 marks)

## QUESTION 3

- A. State **four (4)** sections under non-business income of the Income Tax Act 1967. (4 marks)
- B. MST Enterprise is a small medium business owned by Mr Owen which involved in distribution and retailing various household products. The following is the Statement of Profit or Loss for the business for the year ended 31 December 2021.

<b>MST Enterprise</b>			
<b>Statement of Profit or Loss for the year ended 31 December 2021</b>			
	<b>Notes</b>	<b>RM</b>	<b>RM</b>
Sales	1		450,000
Less: Cost of sales	2		<u>(285,000)</u>
<b>Gross Profit</b>			<b>165,000</b>
Add: Other income	3		<u>37,000</u>
			202,000
<u>Less: Operating expenses</u>			
Depreciation		8,000	
Repair and maintenance	4	28,300	
Advance and bad debts	5	19,000	
Legal and professional	6	31,800	
Miscellaneous	7	36,000	
Remunerations	8	<u>156,900</u>	<u>(280,000)</u>
<b>Net loss</b>			<b><u>(78,000)</u></b>

**Notes:**

1. On 15 December 2021, the business sold 100 units of perfumed candles to ABC Sdn Bhd costing at RM15 each. However, the transaction has been omitted from the account due to the negligent of the account assistant.

2. Cost of sales

Mr Owen sponsored 2,000 sets of school stationeries to a few secondary schools in Melaka. The cost for each set was RM15 while the market value was RM25. The transaction has been recorded in the cost of sales at cost.

3. Other income comprises of:

	<b>RM</b>
Compensation received from the suppliers	15,000

Interest from the fixed deposit account at Bank Rakyat	2,000
Settlement received from the developer due to damages on the exterior of the business building	20,000

## 4. Repair and maintenance comprises of:

	RM
Renovation of Mr Owen's kitchen	15,000
Replaced the whole windows of business building with the latest designed window, due to major cracked after heavy rain	7,000
Repainted the accounting department section	3,000
New electrical wiring on the main entrance of the business building	2,000
Maintenance and service of the business lorry	1,300

## 5. Advance and bad debts comprise of:

	RM
Advance paid to secure contract with the new supplier	5,000
Specific bad debts	4,000

Received furniture valued RM15,000 as a full settlement of a trade debt of RM25,000. The RM10,000 trade debts were waived. One of the business clients, Ravi Enterprise has paid RM3,500 for the debt that previously has been written off due to bankruptcy. The transaction has not been recorded yet.

## 6. Legal and professional fees comprise of:

	RM
Accounting fees charged by the accounting firm	2,000
Fees paid to design the business's website	4,500
Fees paid to make tax appeal	2,800
Fees paid to the local government due to penalty for non-compliance	5,000
Takaful insurance taken for the fragile inventories export to Singapore	4,500
Compensation paid to dismiss the unsatisfactory marketing employee	13,000

## 7. Miscellaneous expenses comprise of:

	RM
Incurred expenses for the construction of the public toilet at Taman Permata Park to be used by the public (the approval from the Local Authority is still in progress)	20,000
Sponsored cash to maintain the preservation of the designated heritage building of Baba & Nyonya at Melaka [s 34(6)(h)]	13,000

Maintenance of childcare centre for the employees	3,000
---	-------

## 8. Remunerations comprise of:

	RM
Salaries and bonuses paid to Mr Owen	48,900
Salaries and bonuses paid to employees	80,000
EPF paid for Mr Owen	10,000
EPF paid for employees	18,000

## 9. Other information:

	RM
Capital allowance for YA 2021	20,000
Unabsorbed capital allowance b/f from YA 2020	5,000
Unabsorbed business loss b/f from YA 2020	21,000

**Required:**

Compute the statutory business income of MST Enterprise for the year of assessment 2021. Indicate 'Nil' for any item that does not require any adjustment.

(21 marks)

(Total: 25 marks)

**QUESTION 4**

Ye Hua and Bai Chan, Malaysian, have been married for 20 years and both never left Malaysia for more than two (2) months since the day they got married. Ye Hua is working as an accountant at Jabatan Akauntan Negara, Putrajaya while his wife, Bai Chan is the teacher at Sekolah Menengah Kebangsaan KFC. Both elected for the pension scheme. The following is their income for the year of 2021.

**Ye Hua**

1. He received net monthly salary of RM9,500 after deducting housing loan of RM2,000 and personal loan of RM1,500.
2. He retired on 1 July 2021 because he has reached the compulsory age of retirement. Starting from 1 October 2021, he started to receive his monthly pension of RM5,000.
3. Since his retirement, he started a small business called HuaHua Enterprise and received statutory business income of RM30,000 for the year of 2021.

Additionally, he also received his partnership business income from China amounted to RM20,000 on 15 December 2021.

4. He received annuity income from his late father's trust fund amounted to RM2,000 per month since January 2010.
5. His mother was diagnosed with brain cancer in January 2019. During the year, his mother was hospitalized at KPJ Putrajaya, and the total hospital bill charged by the KPJ was RM12,000. The hospital bill was shared together with his sisters, Ai Ling and Mei Chan equally.
6. He bought an automatic hospital bed for his mother who was bedridden for three years amounted to RM1,400.
7. He bought an iPad 8 generation amounted to RM2,200 to be used for his business purposes.
8. He also subscribed gym membership and paid RM250 per month starting from 1 August 2021.
9. To facilitate the online learning, he subscribed Maxis Fiber Internet plan starting from March 2021 and paid RM200 per month. However, due to the slow internet connection, he terminated the plan in May 2021 (He still paid in full for May 2021).
10. In 2021, he visited Buddhist temples in the northern India and paid levy of RM500. The temples that he visited are the place that the Buddhist will go for worship.
11. He paid RM500 per month for his life insurance and his wife.
12. Due to the higher active cases of COVID-19 in Malaysia, he donated cash RM10,000 to Ministry of Health Malaysia to assist the pandemic.

#### **Bai Chan**

1. She received gross monthly salary of RM3,000 before deducting ASB loan of RM800.
2. In January 2021, she was invited as a speaker in a TV program to talk about the acceptance of the children in Malaysia for using online platform for two (2) hours and paid RM5,000 per hour.

3. She paid RM150 per month for her daughter' s medical insurance while RM100 for his son education insurance.
4. She received dividend from Public Mutual amounted to RM5,000.
5. She owns a copyright and during the year, she received royalty from pedagogical knowledge framework amounted to RM25,000.
6. She contributed RM1,000 per month into her daughter's SSPN account since March 2021.
7. She sent her son, aged 6 years old to kindergarten school not registered under Education Act 1996 and paid monthly fees of RM200.
8. She did medical check-up at private hospital in Putrajaya costing RM500.
9. During the year, she donated ten (10) units of hospital bed to Hospital Putrajaya amounted to RM15,000 [s 44(10)].

**Other information:**

Ye Hua and Bai Chan were blessed with two children, Ah Pian (6 years old, has hearing problem since born and registered as OKU with the department of Social Welfare) & Ling Ling (19 years old, currently doing her degree in Education at Universiti Malaya). Bai Chan will claim child relief on Ling Ling.

**Required:**

Compute the income tax payable (if any) for Ye Hua and Bai Chan for the year of assessment 2021.

(30 marks)

**END OF QUESTION PAPER**



## APPENDIX I

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

## a) 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%	

## b) 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 (SOCSSO)	(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	