

QUESTION 1	<u>MARK/NOTES</u>
<p>a) Describe TWO (2) objectives of taxation in Malaysia.</p>	
<p><u>Answer:</u></p>	
<p>Objectives of taxation in Malaysia: (Any 2 answers below)</p>	
<p>i. To raise government fund Tax as a source of government revenue. Raising fund to finance government expenditures./</p>	
<p>ii. To develop nation's growth Tax as an encouragement of economic growth. Ensure stable growth to finance the country's annual budget./</p>	
<p>iii. To supervise income and wealth distribution among different groups Tax as an instrument of redistribution of income and wealth. Ensure justice and fairness in the tax burden spread equitably among taxpayers./</p>	
<p>b) Explain FIVE (5) types and responsibilities of tax payer.</p>	<p>Total = 5 marks / = 2 1/2 mark</p>
<p><u>Answer:</u></p>	
<p>Types and responsibilities of tax payer: (Any 5 answer below)</p>	
<p>1. INDIVIDUAL – giving full information regarding their income and submitting their return to IRB within 30 days of receiving the return forms. /</p>	
<p>2. BUSINESS OWNER – maintain proper records and issue receipts. All business transaction must be recorded within 60 days./</p>	
<p>3. EMPLOYER – informing the IRB regarding new employees, addresses, dates of employment, cessation of employment and inform if leaving Malaysia. /</p>	
<p>4. LANDLORD – declare income from rental during submitting their return. /</p>	
<p>5. TENANT – informing IRB regarding particular of his landlord i.e. name, address or contact number and monthly / yearly rental paid. /</p>	
<p>6. PARTNER – precedent partner responsible to submitting a partnership return of income. /</p>	
<p>7. OTHER TAX PAYERS – administrator or agent is responsible for submitting the return form on behalf of his 'client' within specific period./</p>	

c) You are required to determine the residence status of Mr. Helmi for the year 2012 to 2021					<u>Answer:</u>
<u>Answer:</u>					<u>MARK/NOTES</u>
Date	Year of Assessment	Days	Residence Status	Section	
20/11/2012 -31/12/2012	2012	42	Non resident/	-	
15/9/2013 – 31/12/2013	2013	108	Non resident/	-	
1/1/2014 – 14/1/2014	2014	105	Non resident/	-	
1/4/2014 – 30/6/2014					
10/3/2015 – 2/6/2015	2015	85	Non resident/	-	
24/8/2016 – 3/12/2016	2016	121	Resident/	7(1)(b)/	
13/12/2016 – 31/12/2016					
1/1/2017 – 9/7/2017	2017	190	Resident/	7(1)(a)/	
1/2/2018 – 6/5/2018	2018	95	Resident/	7(1)(c)/	
-	2019	0	Resident/	7(1)(d)/	
24/3/2020 – 19/10/2020	2020	210	Resident/	7(1)(a)/	
1/6/2021 – 8/8/2021	2021	69	Non resident/	-	
QUESTION 2					
a) List FIVE (5) types of gross income of an employee under section 13(1)(b).					
<u>Answer:</u>					
i) Furniture ii) Car, fuel iii) Driver iv) Domestic servant v) Gardener vi) Leave Passage vii) Medical, dental viii) Childcare benefits (exempt) * Choose any 5 (any related answer is acceptabled)					/ = 1 marks / x 5 = 5 marks Total : 5 marks
b) You are required to simplify the tax treatment for all situations of the unfurnished living accommodation was provided by employer to employee under section 13(1)(c) below if the total employment income of section 13(1)(a) was RM23,400 and defined value of the living accommodation was RM2,000 per month.					
i. Mr. Faris was required to share the unfurnished house with another employee of the company. Section 13(1)(c): Living Accomodation: $30\% \times 23,400 = 7,020$ or Defined value = $(2,000 \times 12)/2 = 12,000 /$ Take the lower = 7,020 /					

<p>ii. Mrs Anna was required by his employer to convert one of the room (all together there are 4 rooms) to be used as an office. Section 13(1)(c): Living Accomodation: $30\% \times 23,400 = 7,020$ or Defined value = $2,000 \times 12 \times \frac{3}{4} = 18,000$ Take the lower = 7,020 /</p> <p>iii. Mr. Fayyadh has worked as company director Section 13(1)(c): Living Accomodation: Defined value = $2,000 \times 12 = 24,000 //$</p> <p>iv. Mrs. Luciana was provided with an accommodation at hotel. Section 13(1)(c): Living Accomodation: $3\% \times 23,400 = 702 //$</p> <p>v. Mr. Farhat was provided with a unfurnished house commencing from 1 May 2020. Section 13(1)(c): Living Accomodation: $30\% \times 23,400 = 7,020$ or Defined value = $2,000 \times 8 = 16,000 /$ Take the lower = 7,020 /</p> <p style="text-align: center;"><i>(any related answer is acceptabled)</i></p>	<p><u>MARK/NOTES</u></p> <p style="text-align: right;">/ = 1 marks</p> <p style="text-align: right;">/x10=10 marks</p> <p style="text-align: right;">Total: 10 marks</p>																																							
<p>c) Calculate the adjusted income from employment of Mr. Zainal for the year of Assessment 2021.</p> <p><u>Answer:</u></p>																																								
<p><u>Adjusted income from employment income of Mr. Zainal for the year of Assessment 2021.</u></p>																																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Sec.13(1)(a)</th> <th style="width: 25%;">RM</th> <th style="width: 25%;">RM</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td style="text-align: center;">93,600 /</td> <td></td> </tr> <tr> <td>Travelling allowance [16,800 – 6,000]</td> <td style="text-align: center;">10,800 /</td> <td style="text-align: center;">104,400</td> </tr> <tr> <td>Sec.13 (1)(b)</td> <td></td> <td></td> </tr> <tr> <td>Leave passages:</td> <td></td> <td></td> </tr> <tr> <td>Malacca (exempted)</td> <td style="text-align: center;">- /</td> <td></td> </tr> <tr> <td>New Zealand [4,500 – 3,000]</td> <td style="text-align: center;">1,500 /</td> <td></td> </tr> <tr> <td>Perth</td> <td style="text-align: center;">2,200 /</td> <td></td> </tr> <tr> <td>Furniture (280 x 12)</td> <td style="text-align: center;">3,360 /</td> <td style="text-align: center;">7,060</td> </tr> <tr> <td>Sec.13(1)(c)</td> <td></td> <td></td> </tr> <tr> <td>$30\% \times 104,400 = 31,320 /$ or</td> <td></td> <td></td> </tr> <tr> <td>Defined value $(3,500 - 280) \times 12 = 38,640 /$</td> <td></td> <td style="text-align: center;">31,320</td> </tr> <tr> <td>Gross income from employment</td> <td></td> <td style="text-align: center;">142,780</td> </tr> </tbody> </table>	Sec.13(1)(a)	RM	RM	Salary	93,600 /		Travelling allowance [16,800 – 6,000]	10,800 /	104,400	Sec.13 (1)(b)			Leave passages:			Malacca (exempted)	- /		New Zealand [4,500 – 3,000]	1,500 /		Perth	2,200 /		Furniture (280 x 12)	3,360 /	7,060	Sec.13(1)(c)			$30\% \times 104,400 = 31,320 /$ or			Defined value $(3,500 - 280) \times 12 = 38,640 /$		31,320	Gross income from employment		142,780	<p style="text-align: right;">/ = 1 marks</p> <p style="text-align: right;">/x10=10 marks</p> <p style="text-align: right;">Total: 10 marks</p>
Sec.13(1)(a)	RM	RM																																						
Salary	93,600 /																																							
Travelling allowance [16,800 – 6,000]	10,800 /	104,400																																						
Sec.13 (1)(b)																																								
Leave passages:																																								
Malacca (exempted)	- /																																							
New Zealand [4,500 – 3,000]	1,500 /																																							
Perth	2,200 /																																							
Furniture (280 x 12)	3,360 /	7,060																																						
Sec.13(1)(c)																																								
$30\% \times 104,400 = 31,320 /$ or																																								
Defined value $(3,500 - 280) \times 12 = 38,640 /$		31,320																																						
Gross income from employment		142,780																																						

(-) Allowable expenses			<u>MARK/NOTES</u>
Travelling allowance		(10,800)/	
Adjusted Income		131,980/	
<p>QUESTION 3</p> <p>a) i. Discuss FIVE (5) allowable expenses that can be deducted from the gross rental income.</p> <p><u>Answer:</u></p> <p>FIVE (5) Allowable expenses that can be deducted from gross rental income are: (Any 5 answers below)</p> <ol style="list-style-type: none"> 1. <i>Assessment and quit rent;</i> 2. <i>Replacement cost</i> on assets used in the rented property; 3. <i>Interest on loan</i>, the amount borrowed to purchase the rented property; Only the interest expense on borrowings to finance the purchase of the building allowed as a deduction while the repayment of principal was not allow. 4. <i>Fire or burglary insurance premium;</i> 5. <i>Administrative and management cost;</i> 6. <i>Advertisement cost</i>, Cost of advertisement allowed is expenses for obtain the hirer for the replace tenant foregoing, means expenses for get first tenant are not allowed. 7. <i>Commission and agency fee related to the collection</i> of rental income; 8. <i>Security services;</i> 9. <i>Repairs and maintenance</i> of the property; Repair expenses such as repairing roofs, windows, doors, water pipes and so on. However, the costs of reconstructing (renovation, alteration and modification) are not allowed (non allowable expenses). 10. <i>Expense to renew the lease agreement.</i> If the expenses are the expenses for the first time provides a rental agreement, it not allowed. 11. <i>Expenses related to control insects</i> in the building. 12. <i>Repainting</i> of rented premises. 13. <i>Sewage charge.</i> <p>*choose any 5 answer</p> <p>a) ii. Explain FIVE (5) tax exempted pension is given to residents only under schedule 6, Income Tax Act 1967.</p> <p><u>Answer:</u></p> <p>FIVE (5) tax exempted pensions:</p> <ol style="list-style-type: none"> 1. has attained the age of 55 years or have reached retirement age as determined by any legitimate law; / 2. retirement is due to ill health and satisfied by Director General; / 3. pension paid to widows and orphans under any written law; / 4. pension of soldiers injured in Malaysia (wound and disability pension paid to a person in respect of service in the armed forces of Malaysia or a Commonwealth countries; / 			
			/ = 1 mark / x 5 = 5 marks
			/ = 1 mark / X 5 = 5 marks Total = 10 marks

		MR JEFFREY		MDM JENNY	
		RM	RM	RM	RM
5. Pension received by a Member of Parliament or State Legislative Assembly upon the retirement age or due to ill health. /					
b) Income Tax Payable for Mr. Jeffrey and Mdm. Jenny for year of assessment 2021 if they elected for separate assessment.					
<u>Answer:</u>					
<u>INCOME TAX PAYABLE OF MR JEFFREY AND MDM JENNY FOR YEAR ASSESSMENT 2021</u>					
<u>Sec 4(b) :</u>					
Salary			122,400 /		102,000 /
<u>Sec 4(c) :</u>					
Interest – CIMB Bank			- /		
Dividend – single tier system					- /
<u>Sec 4(d) :</u>					
Rental	9,600 /				
Royalty – publication of book (27,000 – 20,000)	7,000 /		16,600		
Aggregate Income			139,000		102,000
Approved donation			(12,000) /		
Total income			127,000		102,000
<u>(-) Personal relief:</u>					
Self	9,000 /			9,000 /	
Children: Jessy	8,000 /				
Jemmy	8,000 /				
Janna				14,000 /	
Jepp	2,000 /				
EPF	4,000 /			4,000 /	
Life insurance	3,000 /			1,300 /	
Basic supporting equipment				3,200 /	
Lifestyle	1,800 /				
Medical & education insurance	3,000 /				
			(38,800)		(31,500)
Chargeable income			<u>88,200 /</u>		<u>70,500 /</u>
<u>Tax payable:</u>					
First 70,000			4,400.00 /		
Next 18,200 X 21%			3,822.00 /		
			8,222.00		
First 70,000				4,400.00 /	
Next 500 X 21%				105.00 /	
				4,505.00	
<u>(-) Rebate</u>					

= / 30 x 15m
30
Total mark
= 15 marks

Zakat	(5,000) /	(3,000) /	<u>MARK/NOTES</u>
Tax payable (net)	<u>3,222.00 /</u>	<u>1,505.00 /</u>	

QUESTION 4

(a) Give the format of Statutory income of business as below:

.....	X
(+)	<u>X</u>
	XX
(-)	(X)
(-)	(X)
(-)	<u>(X)</u>
Statutory income	<u>XXX</u>

Answer:

Adjusted income /	X
(+) Balancing charge /	<u>X</u>
	XX
(-) Balancing allowance /	(X)
(-) Capital allowances (previous year) / (X)(-)	
Capital allowances (current year) /	<u>(X)</u>
Statutory income	<u>XXX</u>

b) Calculate the capital allowance for the asset above for the relevant year until year of assessment 2021.

Answer:

i. **Honda Civic**

YEAR ASSESSMENT		RM
2020	QPE	100,000/
	Initial Allowance [20% X 100,000]	(20,000)/
	Annual Allowance [20% X 100,000]	<u>(20,000)/</u>
	Residual Expenditure	60,000
2021	Annual Allowance [20% X 100,000]	<u>(20,000)/</u>
	Residual Expenditure	<u>40,000/</u>

ii. **Bread Maker**

YEAR ASSESSMENT		RM
2020	QPE	12,800/
	Initial Allowance [20% X 12,800]	(2,560)/
	Annual Allowance [14% X 12,800]	<u>(1,792)/</u>
	Residual Expenditure	8,448
2021	Annual Allowance [14% X 12,800]	<u>(1,792)/</u>
	Residual Expenditure	<u>6,658/</u>

c) You are required calculate the total income of Mr. Henry for the year of assessment 2021

/ = 1 marks
 / x 5 = 5 marks
 Total : 5 marks

/ = 1 marks
 / x 10 = 10 marks
 Total : 10 marks

<u>Answer:</u>	<u>MARK/NOTES</u>
<u>TOTAL INCOME OF MR. XX FOR THE YEAR OF ASSESSMENT 2021</u>	
	RM RM
Net profit	40,040 /
(+) <u>Non-deductible/non-allowable expenses:</u>	
Depreciation	3,200 /
Salaries Mr. Henry	20,000 /
Entertainment	580 /
Miscellaneous expenses	2,500 /
Donation	3,300 /
Compound and penalties	<u>2,600 /</u>
Adjusted income	<u>32,180</u>
	72,220
(-) Capital allowance (current year)	<u>(4,700) /</u>
Statutory income	67,520
(-) <u>Approved donation:</u>	
Institution (restricted to 10% x71,740 =7,174)	<u>(3,300) /</u>
Total income	<u>64,220 /</u>
 <i>“If the working method is different from the solution given, make an appropriate adjustment to the marking scheme with approval from Head of Programme.”</i>	