UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	:	**ADVANCED TAX AND PLANNING**
COURSE CODE	:	**TAX4123**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES :

1. This question paper consists of **THREE (3)** questions.
2. Answer ALL questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
   i. The Question Paper
   ii. An Answer Booklet
4. Do not bring any material into the examination hall. The use of a calculators is allowed.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO.	:	____________________
ID. NO.	:	____________________
LECTURER	:	____________________
SECTION	:	____________________

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

The question paper consists of 5 printed pages including front page

QUESTION 1

BioNutra Pharmaceuticals Berhad is a Malaysian company engaged in a promoted manufacturing activity, namely the manufacture of pharmaceutical and nutraceutical products, which qualifies for Investment Tax Allowance (ITA) under the Income Tax Act 1967 and the guidelines issued by the Malaysian Investment Development Authority (MIDA).

The company was incorporated in 2016 and operates from its manufacturing facility located in Bayan Lepas, Penang. The company also conducts specialised training programmes related to pharmaceutical manufacturing processes which compliance with Good Manufacturing Practices (GMP).

BioNutra Pharmaceuticals Berhad prepares its accounts to 30 September each year. The following information represents the adjusted income/(loss) and other relevant financial details of the company for the last three years of assessment:

	2024 RM	2025 RM	2026 RM
Promoted Products			
Adjusted Income/(Loss)	(950,000)	3,200,000	2,100,000
Balancing Charge	380,000		
Capital Allowances	210,000	610,000	720,000
Non-Promoted Products			
Adjusted Income/(Loss)	(180,000)	220,000	(90,000)
Balancing Charge			65,000
Capital Allowances	55,000	70,000	45,000
Other income & expenses			
Factory rental income (Johor)	100,000	120,000	140,000
Dividend from Malaysian Cooperative Malaysia	30,000	25,000	18,000
Interest Income from HBB Bank	22,000	35,000	30,000
Donation to MAKNA	18,000	22,000	15,000

Capital Expenditure	**Date incurred**	**RM**
Drug Manufacturing and Packaging Facility	12 February 2024	3,200,000
Quality Control & Testing Laboratory	18 July 2024	480,000
Automated Tablet & Capsule Production Line	31 July 2025	520,000
Sterile Liquid Formulation & Filling Facility	20 June 2025	650,000
Cold Chain Storage & Distribution System	5 November 2025	400,000
GMP Training & Certification Centre	14 August 2026	750,000

Required:
Compute the chargeable income and the amount to be credited to the exempt income account of BioNutra Pharmaceuticals Berhad for the years of assessment 2024, 2025, and 2026.

(Total: 30 marks)

QUESTION 2

Summit Capital Berhad is an investment holding company based in Kuala Lumpur that owns PeakView Mall, a fully completed shopping mall development. To generate funds for the purpose of reducing its existing borrowings, the directors have decided to propose the establishment of a listed Real Estate Investment Trust (REIT), to be known as Summit Retail REIT. Subject to obtaining the relevant regulatory approvals, Summit Retail REIT will acquire PeakView Mall from Summit Capital Berhad.

The following details are derived from Healthcare Property Investment Trust's financial accounts for the fiscal year ending 31 December 2025:

	RM '000	RM '000
Income		
Gross rental income	35,000	
Less: Operating expenses	(12,500)	
Net rental income		22,500
Interest received from investment bank		580
Compensation from the contractor		7,500
Expenditure		
Interest incurred on the commercial property loan		(2,800)
Depreciation		(650)
Other operating expenses		(4,500)
Manager's remuneration		(1,650)
Trustees's fee		(2,100)
Profit before taxation		**18,880**

Additional information

i. Capital allowance for the year amounted RM 1,800,000.
ii. Other operating expenses include payment for registration of new software patent amounted RM750,000.
iii. Distribution made to unit holders on 15 December 2025 amounted RM12 million and will distribute another RM7 million at 17 January 2026.

Required:

a. Determine the chargeable income of Summit Retail REIT for the year of assessment 2025. Write 'Nil' where no adjustment is required.

(7 marks)

b. Explain the tax treatment of income distributions made by Real Estate Investment Trusts (REITs), with particular focus on the unit holders.

(10 marks)

c. Compare and contrast the tax implications for a resident individual and a resident company

(3 marks)

(Total: 20 marks)

QUESTION 3

Hafiz a Malaysia tax resident began paying monthly income tax installments of RM10,500, based on his estimated annual income for that year. Since then, he has continued to make the same monthly payment, under the assumption that his income remains relatively stable from year to year. His accounts have been selected for examination by the Inland Revenue Board (IRB). In the course of the review for the year assessment ending 31 December 2024 and 2025. In the course of the review, the IRB obtained the financial information outlined below. Hafiz has engaged you as his tax consultant to prepare a Capital Statement using the information provided.

1. Hafiz started his first business at Pantai Klebang, Melaka on 1 January 2019 with an initial capital of RM350,000. The financial details are as follows:

	2023	**2024**
	RM	**RM**
As at 31 December		
Balance of retained earnings	920,000	600,000
Drawings	80,000	220,000

   In February 2024, Hafiz disposed of the Melaka business, realising a profit of RM40,000. Subsequently, in August 2024, he established a new business in Iskandar Puteri, Johor. The net assets of the business were valued at RM720,000 as at 31 December 2025.

2. He acquired a condominium unit at Petaling Jaya on 18 June 2018 at a cost of RM420,000, which has a market value of RM950,000. An industrial land at Sepang was purchased on 5 September 2020 for RM680,000. In addition, he purchased a semi-detached house on 22 April 2025 for RM820,000 at Johor Bahru.

   In March 2025, Hafiz sold the condominium unit for RM460,000. Later, in November 2025, he purchased another semi-detached house located in Taman Seri Alam for RM600,000. A down payment of RM150,000 was made, while the remaining RM450,000 was financed through a bank loan to be repaid over a period of 20 years, with monthly instalments commencing in December 2025.

3. In 2017, Hafiz obtained a personal loan of RM220,000 from his brother, Faizal. Repayments were made progressively over the subsequent years. As at 31 December 2024, the outstanding balance of the loan stood at RM90,000. In 2025, 40% from the balance has been paid.

4. In 2023, Hafiz invested in 150,000 ordinary shares of Nova Digital Bhd, purchasing them at a price of RM2.20 per share. On 20 June 2025, he disposed of 90,000 shares at RM1.90 per share and incurred brokerage fees amounting to RM6,000 in connection with the sale.

5. Hafiz purchased a second-hand Mazda 3 in April 2024 at a cost of RM40,000 by cash. Hafiz sold the Mazda 3 in October 2025 because the vehicle was no longer suitable for his personal and business needs at RM20,000. He also owns a Toyota Fortuner, which he acquired in May 2022 for RM120,000. Since that, Hafiz has consistently made monthly car loan repayments of RM1,200 without default.

6. In 2006, Hafiz inherited two plots of commercial land from his late mother, with each plot valued at RM40,000 and also a house amounted at RM150,000 at Sabak Bernam, Batu 38. The house was sold in November 2025 for a consideration of RM85,000.

7. In 2022, Hafiz provided an interest-free loan amounting to RM120,000 to a close friend, Rizal. The loan was granted based on a mutual agreement between both parties, with no interest charged on the outstanding balance. Under the agreed terms, Rizal was required to repay the loan yearly at RM10,000 starting 2023.

8. During the year 2023, Hafiz incurred average monthly household expenses of RM3,200. These expenses are expected to increase by 10% annually, in line with inflationary pressures and the rising cost of living.

9. Other personal transactions
   - In August 2023, Hafiz advanced an interest-free loan of RM20,000 to his niece. Following her death in May 2025, it was noted that 65% of the loan had been repaid as at the end of 2024.
   - Hafiz's wife, who has not been gainfully employed since their marriage, purchased gold jewellery valued at RM9,000 in 2024 and RM28,000 in 2025.
   - In addition, Hafiz took his family on a holiday to Penang in 2024, incurring expenses of RM15,000, and another family holiday to Phuket, Thailand, in 2025, at a total cost of RM27,000.

10. Other expenses and bank balances are as follows:

As at 31 December	2023 RM	2024 RM	2025 RM
Insurance premium paid to AIA	32,000	48,000	70,000
Car maintenance	14,000	16,000	20,000
Cash donations to approved institutions	20,000	20,000	20,000
Bank account balances			
CIMB Bank	45,000	95,000	210,000
Bank Rakyat	35,000	90,000	160,000

Required:

Based on the information provided, compute the undisclosed income (if any) for the year of assessment 2025.

(Total: 50 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER