UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	:	**TAXATION 1**
COURSE CODE	:	**TAX3114**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES :

1. This question paper consists of **TWO (2)** 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
   iii. Appendix
4. Do not bring any material into the examination hall. The use of a calculator 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 6 printed pages including front page

QUESTION 1

Dhiaulhaq and Sofea Lee, both Malaysian citizens who have been married for 20 years, are residents of Malaysia. Dhiaulhaq was employed as an auditor at Jabatan Audit Negara, Putrajaya, and retired on 31 July 2025 upon reaching the compulsory retirement age. Starting 1 September 2025, he began receiving a monthly pension of RM5,000. His wife, Sofea Lee, works as a pharmacist and operates her own community pharmacy business. The following represents their income for the year of assessment 2025 :

Dhiaulhaq

i. He earned a gross monthly salary of RM10,000, which includes the employee's EPF contribution at 12%

ii. In year 2025, he received two months' bonus relating to 2024.

iii. The company paid his son's education bills amounting to RM10,000.

iv. He received cash for excellent award amounting RM3,000.

v. During his employment as an auditor, he was provided with a Toyota car costing RM85,000, together with fuel and a driver who earned a monthly salary of RM2,500. The vehicle was used until his retirement.

vi. Medical and dental benefits for his family amounted to RM28,000 per year.

vii. Since his retirement, he started a small business called Dhaq & Sons Enterprise and received business income of RM50,000 for the year of 2025.

viii. He earned interest income of RM5,850 from a fixed deposit account with a licensed Malaysian bank. He received a dividend income from Amanah Saham Nasional amounted RM7,000 and RM1,350 dividend from Champion Holdings a single-tier company.

ix. He received royalties RM25,000 from translating finance-related textbooks from English into Malay for a project commissioned by the Ministry of Higher Education.

x. He owns two apartments located in Thailand and at Damansara. Both properties were rented out during the year 2025. The details of the apartment are as follows:

	Thailand	**Damansara**
	RM	**RM**
Monthly rental value	2,850	2,000
Quit rent (annual)	-	200
Renovation cost	40,000	25,000
Advertising cost to find the tenant	3,500	-

xi. From October 2025, Dhiaulhaq working as a part time finance lecturer at UPTM. He received RM2,500 monthly.

Sofea Lee

i. Income from her pharmacy businesses for the year ended 31 December 2025 :

	Putrajaya RM	Bangi RM	Australia RM
Adjusted income/(loss)	150,000	(15,000)	220,000
Balancing charge	50,000	20,000	35,000
Capital allowance	15,000	15,000	23,500
Balancing allowance	5,000	3,000	7,500

ii. Sofea Lee received RM2,000 as part-time honorarium for conducting pharmacy-related seminars.

Additional information:

i. Dhiaulhaq paid RM2,500 for his life insurance policy during the year 2025. Sofea Lee paid RM3,500 for a life policy on her life and RM2,000 for policies covering her children.

ii. During the year, Dhiaulhaq's mother was hospitalized at KPJ Damansara, with total medical expenses amounting at RM15,000. The hospital bill was shared equally between Dhiaulhaq and his two sisters.

iii. Dhiaulhaq bought an iPad for RM2,500 for personal use.

iv. Dhiaulhaq also subscribed gym membership and paid RM250 per month starting from 1 August 2025.

v. Dhiaulhaq donated to MAKNA RM100 monthly and Sofea Lee made a cash donation of RM10,000 to a Rumah Anak Yatim Al-Falah (an approved institution).

vi. Dhiaulhaq contributed RM600 to SOCSO during the year.

vii. Dhiaulhaq and Sofea Lee are blessed with four children. Sofea Lee has chosen to claim the relief of Dhia Al-Dina and Dhia Diana. The details of their children are as follows:

Dhiauddin	24 years old, currently pursuing a degree at UiTM Puncak Alam.
Dhian	22 years old, currently pursuing a diploma at UPTM.
Dhia Al-Dina	19 years old, and she had been diagnosed dyslexia since 3 years old. Currently pursuing Diploma in Culinary at UPTM.
Dhia Diana	7 years old, legally adopted and attending Sekolah Kebangsaan Ampang Tasik.

viii. Sofea Lee purchased sports equipment costing RM2,000 and paid gym membership fees of RM1,200.

ix. Sofea Lee underwent a medical check-up at a private hospital in Putrajaya costing RM500. During the examination, she was diagnosed with a spinal disorder and was advised to undergo corrective surgery, which resulted in medical expenses of RM25,000.

x. Sofea Lee contribute RM1,000 per month into SSPN account for her daughter, Dhian account since 2020. In November 2025, she withdrew RM3,500 to purchase a tablet for her daughter to facilitate her learning.

xi. In 2025, Sofea Lee travelled to Saudi Arabia to perform Umrah and paid a pilgrimage levy of RM500.

Required:

Compute the income tax payable for Dhiaulhaq and Sofea Lee for the year of assessment 2025, as Sofea Lee did not elect for joint assessment.

(Total: 60 marks)

QUESTION 2

Alpha Engineering Manufacturing Sdn Bhd (Alpha) has been engaged in general manufacturing operations since 2020. The company prepares its accounts annually to 31 October. The following information relates to the non-current assets owned by the company.

Industrial Packaging Machine
On 15 March 2022, Alpha acquired an industrial packaging machine from Japan at a purchase cost of RM1,370,000. In addition, the company incurred RM50,000 for freight and insurance to Malaysia and RM80,000 for installation, testing, and calibration costs. The machine was put into operation on 1 June 2022. Due to changes in production requirements, the machine was subsequently disposed of on 30 September 2025 for RM500,000.

Heavy-Duty Industrial Cooling Machine
In April 2022, the company purchased a heavy-duty industrial cooling machine at a cost of RM435,000. To facilitate its operation, the company incurred RM40,000 for electrical wiring and power upgrades, as well as RM25,000 for site preparation and installation works. The cooling system was installed and brought into use on 17 July 2022. On 31 December 2024, Alpha decided to dispose of the asset for RM170,000.

Factory Office Equipment
Office equipment used previously in the company's manufacturing plant in Thailand was transferred to Malaysia and first used for business purposes on 15 May 2024. On that date the market value of the equipment was RM180,000 and its net book value is at RM150,000.

Audi A4
On 1 December 2023, Alpha purchased an Audi A4 under a hire purchase agreement. The vehicle was used by senior manager and was not licensed for commercial transportation. The following information relates to the purchase :

- Cash price : RM135,000
- Deposit paid on 1 December 2023 : RM35,000
- Monthly instalment : RM4,250
- Balance payable by 25 monthly instalments, commencing from 1 January 2024.

Rented Cutting Machine
On 1 March 2025, Alpha entered into a rental agreement for a cutting machine to support its production activities. The company paid a monthly rental of RM8,500 for a period of 24 months. The cutting machine remained the property of the supplier throughout the rental period, and no option to purchase was provided at the end of the agreement. During the year ended 31 October 2025, Alpha paid RM68,000 in rental charges relating to this cutting machine.

Required:

Calculate the capital allowances, balancing charge, or balancing allowance (if any) for each asset of Alpha Engineering Manufacturing Sdn Bhd for all relevant years of assessment up to year of assessment 2025. (Round *off your answers to the nearest RM)*

(Total: 40 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

APPENDIX 1

1. THE TAX RATES APPLICABLE WITH EFFECT FROM YA 2025

a. Residual individual

Chargeable Income	RM	Tax Rate (%)	Income Tax Payable (RM)
First	5,000		0
Next	15,000	1	150
On	20,000		150
Next	15,000	3	450
On	35,000		600
Next	15,000	6	900
On	50,000		1,500
Next	20,000	11	2,200
On	70,000		3,700
Next	30,000	19	5,700
On	100,000		9,400
Next	150,000	25	75,000
On	400,000		84,400
Next	200,000	26	52,000
On	600,000		136,400
Next	400,000	28	112,000
	1,000,000		248,400
On	1,000,000	28	280,000
Next	2,000,000		528,400
Exceeding	2,000,000	30	

b. Companies (Resident)

Chargeable income	First RM150,000	15%
	Next RM450,000	17%
	Excess RM600,000	24%

2. TAXABLE VALUE OF MOTOR VEHICLE

Cost of car (when new)	Annual value of private usage of car (RM)	Annual prescribed benefit of fuel (RM)
up to RM50,000	1,200	600
RM50,001 – RM75,000	2,400	900
RM75,001 – RM100,000	3,600	1,200
RM100,001 – RM150,000	5,000	1,500
RM150,001 – RM200,000	7,000	1,800
RM200,001 – RM250,000	9,000	2,100
RM250,001 – RM350,000	15,000	2,400
RM350,001 – RM500,000	21,250	2,700
RM500,001 and above	25,000	3,000

3. HOUSEHOLD FURNISHING, APPARATUS AND APPLIANCES

Types of BIK	Annual value (RM)
Semi-furnished with furniture in lounge, dining room or bedroom	840
Semi-furnished with furniture in lounge, dining room or bedroom plus one or more of the following: air-conditioners, curtains, carpets	1,680
Fully furnished with one or more of the following: Kitchen equipment, crockery, utensils, appliances	3,360

4. CAPITAL ALLOWANCE

	General plant and machine	Heavy plant and machine	Motor vehicle	Office equipment	Computer
Initial allowance	20%	20%	20%	20%	20%
Annual allowance	14%	20%	20%	10%	40%

5. TYPE OF INDIVIDUAL TAX RELIEF – YA 2025

Type of individual tax relief		Amount (RM)
1	Self and Dependent	9,000
	Disabled Individual (in addition to self-relief above) (wef YA 2025)	7,000
	Husband/Wife/alimony payments	4,000
	Disabled Wife/Husband (wef YA 2025)	6,000
2	Child	
	- per child (below 18 years old)	2,000
	- per child (over 18 years old) : * received full-time instruction of higher education in respect of: - diploma level and above in Malaysia, or - degree level and above outside Malaysia, or - serving under articles of indentures in a trade or profession in Malaysia	8,000
	- per physically/mentally disabled child (w.e.f YA 2025)	8,000
	- per physically/mentally disabled child (over 18 years of age) * received full-time instruction of higher education in respect of: - diploma level and above in Malaysia, or - degree level and above outside Malaysia, or - serving under articles of indentures in a trade or profession in Malaysia	16,000
3	Expenses on medical treatment, special needs or carer expenses for parents and grand parents (evidenced by medical certification) (w.e.f 2025)	8,000
4	Employee's contribution to Social Security Organisation (SOCSO) including employee's contributions to Employment Insurance System (EIS)	350
5	Medical related expenses [(a)+(b)+(c)] (a) Medical expenses for self, spouse or child suffering from a - serious disease - expenses incurred on fertility treatment, or - vaccination for self, spouse or child (up to RM1,000) (b) Dental examination and treatment expenses for self, spouse or child, limited to RM1,000 (c) Complete medical examination, COVID-19 detection test and mental health examinations or consultations (up to RM1,000) be expanded as follows: - purchase of self-testing medical devices such as glucometer, pulse oximeter, blood pressure monitor and thermometer; and - fees for disease detection examination conducted at clinic or hospital, such as blood test, ultrasound, mammogram and pap smear (d) Early intervention expenditure for child with learning disabilities (up to RM6,000)	10,000
6	Purchase of supporting equipment for self (if a disabled person) or for disabled spouse, child or parent	6,000

7	Insurance premium on education and medical benefits (w.e.f YA 2025)	4,000
8	Fees expended for any course of study up to tertiary level or a degree at Masters or Doctorate level, or qualification or approved courses with professional bodies or attending upskilling and self-enhancement courses (limited to RM2,000)	7,000
9	Deposit for child into SSPN(extended to YA 2027)	8,000
10	Lifestyle relief consolidated with the following: - purchase or subscription of books, journals, magazines, newspaper - internet subscription - purchase of personal computer, smartphone and tablet (not for business use) Self- skill enhancement courses	2,500
11	Purchase of breastfeeding equipment (claim only every 2 years)	1,000
12	Fees paid to child care centre/kindergarten	3,000
13	Private Retirement Scheme contributions and Deferred annuity scheme premium (extended to YA 2030)	3,000
14	Sports Equipment (w.e.f 2025 including parents) - Purchase of sports equipment - Entry/ rental fees for sports facilities - Registration fees for sports competitions - Gym membership - Sports training fees	1,000
15	Life insurance and EPF (a)+(b)+ (c) RM (a) (i) Life insurance premium 3,000 (ii) Contribution to EPF (voluntary) (b) Contribution to EPF/approved scheme 4,000 Contribution under any written law 4,000	7,000
16	(a) Costs related to electric vehicle (EV) charging facilities, including installation, rental, hire-purchase of equipment, or subscription fees (extended to YA 2027) (b) Household equipment that supports environmental sustainability, such as: i. Food waste composting machines ii. Other approved green tech items	2,500
17	Interest payments for the first residential home loan (individually or jointly owned), as follows: (a) House price up to RM500,000 (b) House price above RM500,000 up to RM750,000	 7,000 5,000

6. TAX REBATES FOR RESIDENT INDIVIDUALS - YA 2025

Type of rebates		Amount (RM)
1	Individual's chargeable income does not exceed RM35,000	400
	If husband and wife are separately assessed and each chargeable income does not exceed RM35,000	400 (each)
	If husband and wife are jointly assessed and the joint chargeable income does not exceed RM35,000	800
2	Rebate for Zakat, Fitrah or other Islamic religious dues paid	Actual amount expended
3	Rebate for departure levy paid for performing umrah and pilgrimage to holy places.	Actual amount expended (twice in a lifetime)

** The above rebate granted is deducted from tax charged and any excess is not refundable