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

Saddiq and Nabila, both Malaysian citizens who have been married for 15 years, are residents of Malaysia. Saddiq was employed as a finance officer at the Inland Revenue Board of Malaysia (IRBM), Cyberjaya, and retired on 31 August 2025 upon reaching the compulsory retirement age. Beginning 1 October 2025, he started receiving a monthly pension of RM4,800. His wife, Nabila, works as a nutrition consultant and operates her own health and wellness consultancy business. The following represents their income for the year of assessment 2025:

Saddiq

i. He received a gross monthly salary of RM12,000, inclusive of the employee's EPF contribution at 11%.

ii. He received a bonus equivalent to two months' salary in 2025, relating to his performance for the year 2024.

iii. The company paid his son's education expenses amounting to RM15,000 on his behalf.

iv. He received a cash award of RM5,000 in recognition of his excellent performance.

v. During his employment as a finance officer, he was provided with a Perdana car costing RM100,000, together with fuel and a driver who earned a monthly salary of RM2,850. The car was used until his retirement.

vi. Medical and dental benefits provided for his family amounted to RM32,000 per year.

vii. After his retirement, he established a small business known as Saddiq Legacy Trading and earned business income of RM60,000 for the year 2025.

viii. He received interest income of RM8,500 from a fixed deposit account with a licensed Malaysian bank. In addition, he received dividend income of RM8,000 from Amanah Saham Malaysia, as well as RM2,800 dividend income from Laskar Bulan Bhd, a single-tier company.

ix. He received royalties amounting to RM28,000 from translating economics-related reference books from English into Malay for a project commissioned by the Ministry of Education Malaysia.

x. From May 2025, Saddiq working as a part time lecturer at UPTM. He received RM2,800 monthly.

xi. He owns two apartments located in Singapore and Cyberjaya, both of which were rented out during the year 2025. The details of the apartments are as follows:

	Singapore RM	Cyberjaya RM
Monthly rental value	3,550	3,000
Quit rent (annual)	-	500
Renovation cost	120,000	75,000
Advertising cost to find the tenant	7,000	5,500

Nabila

i. Income from nutrition consultancy businesses for the year ended 31 December 2025:

	KLCC RM	Singapore RM	Shah Alam RM
Adjusted income/(loss)	320,000	220,000	(20,000)
Balancing charge	80,000	35,000	30,000
Capital allowance	50,000	23,500	15,000
Balancing allowance	30,000	7,500	5,000

ii. Nabila received RM5,000 as part-time honorarium for conducting nutrition-related seminars.

Additional information:

i. Saddiq and Nabila made donations to the approved institutions amounting to RM36,400 and RM15,000 respectively.

ii. Saddiq and Nabila are blessed with four children. Nabila claims the child relief for all the children. The details of their children are as follows:

Saleh	20 years old, currently pursuing a degree at UiTM Puncak Alam.
Noah	19 years old, currently pursuing a diploma at UPNM.
Nuha	18 years old, disabled and currently pursuing her diploma at UPTM.
Sulayman	2 years old, legally adopted.

iii. Saddiq paid RM4,500 for life insurance policies covering himself and Nabila during the year 2025. Nabila paid RM5,000 for life insurance policies covering their children.

iv. During the year, Saddiq's mother was hospitalized at KPJ Damansara, with total medical expenses amounting at RM25,000.

v. Saddiq bought laptop for RM2,000 each for Noah and Nuha.

vi. Saddiq also subscribed gym membership and paid RM250 per month starting from 1 March 2025.

vii. Saddiq contributed RM500 to SOCSO during the year.

viii. Nabila purchased sports equipment costing RM1,000 and paid gym membership fees of RM1,800.

ix. Nabila 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 RM17,000.

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

xi. In March 2025, Nabila travelled to Saudi Arabia to perform Umrah and paid a pilgrimage levy of RM500. Saddiq also performed Umrah later in the same year and paid a similar levy of RM500.

Required:

Compute the income tax payable for Saddiq and Nabila for the year of assessment 2025, as Nabila did not elect for joint assessment.

(Total: 60 marks)

QUESTION 2

Bintang Jaya Manufacturing Sdn Bhd (Bintang Jaya) 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.

Liquid Filling Machine

Bintang Jaya acquired an industrial packaging machine from Japan on 5 September 2022 at a purchase cost of RM1,200,000. In addition, the company incurred RM120,000 for freight and insurance to Malaysia and RM180,000 for installation, testing, and calibration costs. The liquid filling machine was put into operation on 1 October 2022. Due to changes in production requirements, the machine was subsequently disposed of on 30 April 2025 for RM370,000.

Heavy-Duty Industrial Boiler

In April 2022, the company purchased a heavy-duty industrial boiler at a cost of RM500,000. To facilitate its operation, the company incurred RM50,000 for electrical wiring and power upgrades, as well as RM30,000 for site preparation and installation works. The unit was installed and brought into use on 31 July 2022. On 31 December 2024, Bintang Jaya decided to dispose of the asset for RM186,000.

Laboratory Testing Equipment

Laboratory testing equipment that had previously been used at the company's manufacturing plant in Vietnam was transferred to Malaysia and first brought into use for business purposes on 15 May 2024. On that date, the equipment had a market value of RM200,000 and a net book value of RM150,000.

BMW 3 Series

Bintang Jaya purchased a BMW 3 Series under a hire purchase agreement on 1 January 2024. The vehicle was used by senior management and was not licensed for commercial transportation. The following information relates to the purchase :

- Cash price: RM140,000
- Deposit paid on 1 January 2024: RM40,000
- Monthly instalment: RM4,300
- The balance was payable by 25 monthly instalments, commencing from 1 March 2024.

Rented Industrial Forklift

Bintang Jaya entered into a rental agreement for an industrial forklift to support its warehouse and production activities on 3 November 2024. The company paid a monthly rental of RM8,500 for a period of 30 months. The industrial forklift remained the property of the supplier throughout the rental period, and no purchase option was provided at the end of the agreement. During the year ended 31 October 2025, Bintang Jaya paid RM50,000 in rental charges relating to this asset.

Required:

Calculate the capital allowances, balancing charge, or balancing allowance (if any) for each asset of Bintang Jaya 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 grandparents (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