UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)
BACHELOR OF CORPORATE ADMINISTRATION (HONOURS)

COURSE	:	**TAXATION 2 / TAXATION II**
COURSE CODE	:	**TAX3113/TAX2073**
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
   iii. Appendix
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 7 printed pages including front page

QUESTION 1

a. Discuss whether the following transactions are subject to withholding tax. Where relevant, state the rate(s) imposed, section (if any) and the amount of withholding tax (if applicable).

Note: Each of the following transactions should be assessed independently.

i. On 31 January 2026, Krones AG a well-known packaging and bottling technology from German received RM35,400 for installation of machine. They perform the installation of the machine after shipment arrived from German.

ii. Star Hill Hotel Bhd engaged Doosan E&C Ltd, a Korean construction firm, for a RM5.6 million project to build a five-star hotel in Kota Bharu, Kelantan.

iii. Myung Films a production company from Korea decided to collaborate with KRU Pictures a well-known production company from Malaysia. They received RM100,000 from KRU Pictures for a collaboration in animation film called 'Cicak Man' on 15 February 2026.

iv. Nokia Malaysia Bhd paid a royalty worth RM670,000 to Honor Network, a United States company for intelligent multi-network solution on 20 February 2026.

v. Shinichi Chan is a Korean professional footballer won the 2026 Professional Malaysia Football League on 28 February 2026 and was awarded RM130,000 for his victory.

vi. Nguyen Phu Trong, a Vietnamese Islamic speaker conducted a religious and motivational lecture at University Islam Malaysia (UIM) on 15 March 2026. He was received RM15,500 from UIM.

vii. Friso Malaysia, a well-known Malaysian company produce dairy products paid interest amounted RM345,000 to Lely Milk Ltd a company from Netherlands for loan of robotic milking system. They also need to pay RM3,300 to Mr Jeroen, the agent, Malaysian citizen as commission.

viii. Mrs. Bond, working as a plant operator supervisor from Hero Ltd, a Singaporean Company received a payment RM28,000 from InternalX Sdn Bhd for providing training on the new plant.

(14 marks)

b. Galaxy Events Sdn Bhd is organizing the Malaysia MotoGP 2026 scheduled to be held on 1 March 2026 at the Sepang International Circuit. The event is a world-class motorcycle race participated by manufacturers from across the globe. A motorcycle company from Japan, Nihon Motors Ltd has partnered with the company for this event. The total estimated cost of the event is RM23 million.

On 12 March 2026, Galaxy Events Sdn Bhd made the following payments, which were received by the recipients on 23 March 2026:

Purpose	Payment (RM)
Payment for rental of motorcycles for the autoshow provided by Nihon Motors Ltd. The total includes freight charges of RM230,000.	4,000,000
Payment to Marc Márquez, a Spanish rider for winning the Malaysia MotoGP 2026.	4,000,000
Payment for management services provided by Nihon Motors Ltd for the Malaysia MotoGP 2026 at Sepang International Circuit.	15,000,000

Required:

i. Explain whether each of the payments made by Galaxy Events Sdn Bhd is subject to withholding tax, providing reasons and the relevant section of the Income Tax Act 1967 (if applicable), and calculate the amount of withholding tax payable for each payment.

(14 marks)

ii. Advise on the due date by which Galaxy Events Sdn Bhd must remit the withholding tax to the Inland Revenue Board in order to avoid penalty.

(2 marks)

(Total: 30 marks)

QUESTION 2

a. Kebab Sultan Sdn Bhd is an Arabic style restaurant that served arabic dishes like skewered meat and shawarma. They have 13 branches located in Selangor and Kuala Lumpur. Since 2 March 2026, Kebab Sultan Sdn Bhd has operated and the sales of food and drink has reached to RM1.51 million.

Required:

i. Explain in detail whether the Kebab Sultan Sdn Bhd is necessary to apply for a service tax license for the purposes of service tax.

(2 marks)

ii. Explain the taxable period and the submission of service tax return for the Kebab Sultan Sdn Bhd.

(2 marks)

b. MAM International Sdn Bhd is a taxable person under the Service Tax Act 2018 offered engineering services in Malaysia. A. Razak Consultants Sdn Bhd which is also a service tax registered company provide soil investigation services at Malacca. The service fee charged for the consultancy work amounted to RM50,000. Both companies fall under Group G.

Once the service completed, A.Razak Consultants Sdn Bhd incurred out-of-pocket expenses which were charged back to MAM International Sdn Bhd including RM4,000 of travelling cost, RM6,000 is for administration cost and RM5,000 is for documentation cost.

Required:

i. Explain whether the consultancy services and each of the out-of-pocket expenses items are subject to service tax.

(4 marks)

ii. Prepare invoice to MAM International Sdn Bhd and explain in detail the applicable service tax treatment for this transaction under Malaysia Service Tax Act 2018.

(6 marks)

c. Explain for each of the following transactions, whether subject to Sales Tax Act 2018 and give the reason for each answer. Compute the sales tax payable (using normal rate of sales tax rate at 10%).

Note: Each of the following transactions should be assessed independently:

i. Batik Nusantara Sdn Bhd manufactures batik fabrics in Kelantan using traditional manual block-printing techniques. The company started operations on 1 January 2026 and sells its batik fabrics locally and internationally. On 26 January 2026, they supplied batik cloth to the Yang di – Pertuan Agong. The total valued of the goods supplied was RM15,600.

ii. On 31 January 2026, Shell Plc imported 50 million barrels of cooking oil from Bangkok for RM2 million and sold 20 million barrels to Pulau Redang for RM2.5 million and the remaining to Pulau 1 for RM3 million.

iii. Baatoo Malaysia is a largest marble importer in Malaysia. On 6 February 2026, they sold marble amounted RM670,500 to Paya Beach Spa and Resort located at Pulau Tioman.

iv. RXZ Motor Sdn Bhd sold 120 motorcycles for RM600,000 to a motorcycle dealer in Pulau Tioman on 28 February 2026.

v. BBW Bhd imported taxable goods from an independent supplier at the purchase price of RM458,000 on 28 March 2026. The company also incurred freight charges and insurance of RM5,500 and RM20,000 respectively. Additionally, BBW Bhd being charged a 20% of import duty.

(26 marks)

(Total: 40 marks)

QUESTION 3

Pujangga Holdings was incorporated on 1 January 2019 by Datin Haliza and her son, Afwa, with paid-up capital of 500,000 ordinary shares at RM1.00 each. On 8 March 2019, Afwa married Sarah, who subsequently subscribed 250,000 ordinary shares in the company.

Datin Haliza acquired a bungalow, *Serenity* at Bukit Indah, Ampang on 18 September 2017 for RM2,060,000 with legal fees of RM28,900. On 4 December 2017, she incurred RM200,000 renovating the parking area. In January 2018, she received RM45,000 compensation from a developer for damages caused by piling work. Datin Haliza subsequently transferred the bungalow to Afwa as a wedding gift when its market value was RM3,050,000.

On 20 May 2022, Afwa sold 300,000 shares in Pujangga Holdings, originally acquired during the company's incorporation, to his younger sister Aina, for RM1.5 million.

On 31 August 2022, Afwa transferred the bungalow to Pujangga Holdings for a consideration of 900,000 ordinary shares of RM1.20 each and a cash of RM350,000. On 28 February 2024 Afwa sold the remaining share to Megah Berjaya Holdings for RM2.50 each.

Pujangga Holdings became a real property company on 1 January 2026 following the acquisition of additional real estate assets. As of that date, the market value of its real properties stood at RM2.50 per share. Pujangga Holdings was not classified as a real property company prior to this date.

Shareholders	8.3.2019 units	20.5.2022 units	31.8.2022 units	28.2.2024 units	1.1.2026 units
Datin Haliza	500,000	500,000	500,000	500,000	500,000
Afwa	500,000	200,000	1,100,000	-	-
Sarah	250,000	250,000	250,000	250,000	250,000
Aina	-	300,000	300,000	300,000	300,000

On 6 March 2026, Sarah was confirmed pregnant, and her doctor diagnosed her with placenta previa stage 2, advising her to rest. Following this, Sarah disposed her 250,000 units of her share at RM2.00 per unit to her brother, Ahmad.

Required:

Compute the real property gains tax payable (if any) on below disposals of shares and real property:

i. The transferred of the bungalow by Datin Haliza to Afwa on 8 March 2019.
(3 marks)

ii. The disposal of shares on 20 May 2025 and transfer of the bungalow by Afwa to Pujangga Holdings on 31 August 2022.
(8 marks)

iii. The disposal of the shares by Afwa to Megah Berjaya Holdings on 28 February 2024.
(12 marks)

iv. The disposal of the shares by Sarah to Ahmad on 6 March 2026.
(7 marks)

(ALL answers must be rounded up to TWO decimal places).

** *Note: Show all the relevant computations and give reasons for your answers.*

(Total: 30 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

APPENDIX 1

1. RPGT rates were imposed :

Part I of Sch 5 applies to the following persons :

(a) Malaysian citizen individual;
(b) Permanent resident in Malaysia;
(c) Estate of deceased person (executor) who is Malaysian citizen or permanent resident;
(d) Limited liability partnership;
(e) Partnership.

CATEGORY OF DISPOSAL	RPGT rate (%)
Disposal within 3 years	30%
Disposal in the 4^{th} years	20%
Disposal in the 5^{th} years	15%
Disposal in the 6^{th} years and thereafter	0%

Part II of Sch 5 applies to the following persons :

(a) Company incorporated in Malaysia;
(b) Trustee of a trust.

CATEGORY OF DISPOSAL	RPGT rate (%)
Disposal within 3 years	30%
Disposal in the 4^{th} years	20%
Disposal in the 5^{th} years	15%
Disposal in the 6^{th} years and thereafter	10%

Part III of Sch 5 applies to the following persons :

(a) Non-Malaysian citizen individual;
(b) Non-Permanent resident individual;
(c) Executor of the estate of a deceased person who is non-Malaysian citizen or non-permanent resident;
(d) Company not incorporated in Malaysia (foreign company).

CATEGORY OF DISPOSAL	RPGT rate (%)
Disposal within 5 years	30%
Disposal in the 6^{th} years and thereafter	10%