UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

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

COURSE	:	**TAXATION 1/TAXATION I**
COURSE CODE	:	**TAX3103/TAX2063**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES :

1. This question paper consists of **THREE (3)** questions.
2. Answer ALL questions 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 1
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

Ashraf has been working as an accountant at International Islamic University Malaysia since May 2020. His wife, Rosa is a businesswoman managing restaurant businesses in Kuala Lumpur, Perak and Indonesia. Their income for the basis year 2025 is as follows:

Ashraf

i. He received a gross salary of RM6,500 per month.

ii. He received royalties RM27,000 from the translation of accounting books from English to Malay requested by the Ministry of Higher Education.

iii. Received RM15,000 interest from a fixed deposit with a Malaysian bank.

iv. In June 2025, he received an affiliate commission of RM700 from Shopee.

v. He owns two residential properties, a bungalow in Indonesia and a semi-detached house in Kuala Lumpur. Both properties were rented out during the year 2025.

The annual rental income for bungalow in Indonesia is RM180,000 and an apartment was rented out for the first time on 1 April 2025. The details of property in Kuala Lumpur as follows:

Apartment	**RM**
Monthly rental value	700
Quit rent per annum	300
Renovation cost	3,600
Advertising cost to find the tenant	200

Rosa

i. Annuity income RM1,000 per month from her late father's estate.

ii. Income from the business for the year ended 31 December 2025 was as follows:

	Kuala Lumpur RM	**Perak RM**	**Indonesia RM**
Adjusted income/(loss)	115,000	(8,000)	120,000
Balancing charge	30,000	15,000	15,000
Capital allowance:			
- Current year	12,500	2,000	3,000
Balancing allowance	3,000	3,000	1,000

Additional information:

i. Ashraf has a life insurance policy insured on his life and he paid RM2,700 in the year 2025. Rosa paid an insurance premium of RM4,800 and RM1,900 in respect of a life insurance policy for her life and her children respectively.

ii. Ashraf's mother is a suffering from the chronic hypertension. During the year 2025, he incurred RM6,000 for her medical expenses.

iii. Ashraf's father is a disabled person. He spent RM3,700 to purchase a wheelchair for his father.

iv. As Ashraf donated a dialysis machine costing RM18,000 to a kidney centre in Kuala Lumpur, which was approved by the Ministry of Health. Rosa made a cash donation amounting RM15,000 to national project approved by the Minister.

v. Ashraf contributed to SOCSO amounted to RM500.

iii. Ashraf and Rosa are blessed with two children. Rosa has chosen to claim the child relief. The details of their children are as follows:

Khairul	20 years old and currently pursuing a diploma in UiTM Merbuk, Kedah.
Jannah	5 years old was legally adopted and schooling at Taska Anakku Bestari.

vi. Ashraf purchased a tablet and laptop for the use of himself and his children costing RM6,700. He also spent RM1,500 for books and magazines.

vii. Rosa bought a sport equipment of RM1,800 and paid for the gym membership RM900.

viii. Rosa paid kindergarten cost of RM300 per month to Taska Anakku Bestari (registered childcare centre) for her youngest child.

ix. Zakat of RM250 and RM5,000 were paid by Ashraf and Rosa respectively.

Required:

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

(Total: 45 marks)

QUESTION 2

Fivestar Sdn Bhd has been carrying on a business of manufacturing food and beverage since 2020. The company closes its account on 31 March annually. The following are assets owned by the company:

Beverage Machine

On 1 January 2024, the company purchased a beverage machine from Japan for RM92,000. The machine was later found to be inefficient for the company's operations. A decision was made to sell the beverage machine on 30 November 2025 and it was sold for RM55,000.

Heavy Machinery

On 1 February 2024, Fivestar Sdn Bhd purchased heavy machinery for RM380,000. The company also incurred RM25,000 for land cutting and leveling to prepare the site for installation and RM35,000 in transportation charges for delivering the machinery. The machinery was brought into use for business operations in March 2024.

Toyota Camry

In September 2024, the company purchased a new car Toyota Camry under a hire purchase agreement. The car was not licensed for commercial transportation. The cash price of the car was RM115,000. The deposit of RM25,000 was paid on 1 September 2024 and the monthly instalment of RM4,000 will be paid for 24 months commencing from 1 November 2024.

Furniture

A second hand furniture was previously used at Vietnam branch was brought into used in the company on 1 January 2026. The market value and the net book value on the day it was brought into business use in Malaysia was RM95,000 and RM80,000 respectively.

Required:

Calculate the capital allowances, balancing charge, or balancing allowance (if any) for each asset of Fivestar Sdn Bhd for all relevant years of assessment up to year of assessment 2026. (Round *off your answers to the nearest RM)*

(Total: 30 marks)

QUESTION 3

Zarin sold the following properties during the basis year 2026:

House

The house was sold for RM165,000 on 4 March 2026. This property had originally been purchased on 9 March 2022 for RM190,000. Legal fees and stamp duty on the purchase were RM3,500 and RM4,000 respectively.

In 2024, a house extension was constructed at a cost of RM15,000. Zarin received RM20,000 on 5 April 2025, in compensation from his neighbour for damages to his house caused by the neighbour's renovation work.

Shop house

The shop house was sold for RM400,000 on 1 April 2026. He incurred the following expenses on the acquisition and disposal of the property:

	RM
Purchase price (7 August 2021)	210,000
Stamp duty on purchases	6,000
Advertising expenses on disposal	200
Estate agent's fee on disposal	4,000

Required:

a) Compute the Real Property Gains tax in respect of both properties for the year assessment 2026.

(17 marks)

b) Explain the "no gain no loss" provision under Paragraph 12, Schedule 2 of the Real Property Gains Tax Act 1976, and state the conditions under which it applies.

(4 marks)

c) Explain the RPGT treatment for a property disposed by Zarin if he is non-Malaysian.

(4 marks)

(Total : 25 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. **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 4th years	20%
Disposal in the 5th years	15%
Disposal in the 6th 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 4th years	20%
Disposal in the 5th years	15%
Disposal in the 6th 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 6th years and thereafter	10%

3. **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

4. **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

5. **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%

6. **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) (w.e.f YA 2025)	7,000
	Husband/Wife/alimony payments	4,000
	Disabled Wife/Husband (w.e.f 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 (c) 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

7. **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.