UNIVERSITI POLY-TECH MALAYSIA
UPTM

# FINAL EXAMINATION

## DIPLOMA IN ACCOUNTANCY

| | | |
|---|---|---|
| **COURSE** | : | **TAXATION 1** |
| **COURSE CODE** | : | **TAX2103** |
| **DURATION** | : | **2 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 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 6 printed pages including front page*

## QUESTION 1

Hye Jung and Ji Hong, Malaysian, have been married for 20 years and both never left Malaysia for more than two (2) months since the day they got married. Hye Jung is working as an accountant at Jabatan Akauntan Negara, Putrajaya. He retired 1 July 2025 because he has reached the compulsory age of retirement. Starting from 1 September 2025, he started to receive his monthly pension of RM5,000. His wife, Ji Hong is a beautician specialist and the owner of beauty centre. The following is their income for the year of 2025:

**Hye Jung**

i. He received net monthly salary of RM9,500 after deducting EPF, housing loan of RM2,000 and personal loan of RM1,500.

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

iii. He received a monthly child care allowance of RM400. He used the allowance to pay for the fees charged by the child care centre for his son, aged 5 years old.

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

v. He received a watch as a gift for excellent award amounting RM4,500.

vi. In February 2025, his mother urgently required emergency surgery due to kidney failure. The total medical charged was RM45,000. He paid using his savings. However, the company agreed to sponsor half of the bill. Later, the company reimbursed him the agreed amount.

vii. During his service as an accountant, he was provided with a new Myvi at the cost of RM85,000 of which half of the usage was for personal use. The company also provided him with a driver with a monthly salary of RM1,000. The car was being used until May 2025.

viii. Medical and dental benefits for his family amounted to RM25,000 per year.

ix. Since his retirement, he started a small business called Hong Hong Enterprise and received business income of RM30,000 for the year of 2025.

x. He earned interest income of RM18,500 from a fixed deposit account with a licensed Malaysian bank. He received a dividend income from Amanah Saham Nasional amounted RM 6,000 and RM800 dividend from Juara Holdings a single – tier company.

xi. He received royalties RM15,000 from translating finance-related textbooks from English into Malay for a project commissioned by the Ministry of Higher Education.

xii. He owns two apartments located in Thailand and at Petaling Jaya. Both properties were rented out during the year 2025. The annual rental income from the apartments in Thailand amounted to RM165,000. The details of the apartment at Petaling Jaya are as follows:

| **Apartment** | **RM** |
|---|---|
| Monthly rental value | 900 |
| Quit rent (annual) | 450 |
| Renovation cost | 4,000 |
| Advertising cost to find the tenant | 300 |

xiii. From October 2025, Hye Jung working as a part time finance lecturer at UPTM. He received RM500 monthly.

**Ji Hong**

i. Income from her beauty centre for the year ended 31 December 2025 is as follows:

| | **Kuala Lumpur RM** | **Perak RM** | **Japan RM** |
|---|---|---|---|
| Adjusted income/(loss) | 120,000 | (15,000) | 130,000 |
| Balancing charge | 20,000 | 12,000 | 16,000 |
| Capital allowance: | | | |
| - Current year | 10,000 | 2,500 | 3,000 |
| Balancing allowance | 2,100 | 3,600 | 1,000 |

ii. Ji Hong received her part-time income as a speaker amounted RM2,000.

**Additional information:**

i. Hye Jung paid RM2,100 for his life insurance policy during the year 2025. Ji Hong paid RM3,200 for a life policy on her life and RM2,500 for policies covering her children.

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

iii. Ji Hong bought an iPad 8th Generation for RM2,200 specifically for business use.

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

v. Hye Jung donated to MAKNA RM50 monthly and his wife Ji Hung made a cash donation of RM6,500 to a Rumah Anak Yatim Mesra (an approved institution).

vi. Hye Jung contributed RM600 to SOCSO during the year.

vii. Hye Jung and Ji Hong are blessed with four children. Ji Hong has chosen to claim the relief of Min Young and Yong Lee. The details of their children are as follows:

| | |
|---|---|
| Sue Hee | 22 years old, currently pursuing a degree at UiTM Puncak Alam. |
| Bae Suzy | 20 years old, currently pursuing a diploma at Taylors University. |
| Min Young | 19 years old, and she had been diagnosed dyslexia since 3 years old. Currently pursuing Diploma in Culinary at UPTM. |
| Yong Lee | 5 years old, legally adopted and attending Fair View Childcare Centre. |

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

ix. Ji Hong did medical check-up at private hospital in Putrajaya costing RM500. During the medical check-up, the hospital discovered one of her kidneys fail to function while the other kidney has started to show the symptom of kidney failure. She was advice to undergo kidney transplant and incurred RM25,000 for the medical bill. Ji Hong also paid dental treatment amounted of RM350 per month for her kids.

x. Ji Hong contribute RM1,000 per month into SSPN account for her daughter, Bae Suzy account since March 2025. In November 2025, she withdrew RM3,500 to pay the university fees.

xi. In 2025, Hye Jung visited Buddhist temples in the Northern India and paid levy of RM500. The temples that he visited are the place that the Buddhist will go for worship.

**Required:**

Compute the income tax payable for Hye Jung and Ji Hong for the year of assessment 2025, as Ji Hong did not elect for joint assessment.

(Total: 60 marks)

## QUESTION 2

Precision Manufacturing Sdn Bhd has been carrying on a general manufacturing business since 2020. The company prepares its accounts annually to 31 October. The following information relates to the non-current assets owned by the company:

**Automated Production Machine**

On 15 March 2023, Precision Manufacturing Sdn Bhd purchased an automated production machine from Japan at a cost of RM1,200,000. In addition, the company incurred RM55,000 and RM75,000 for freight charges and insurance to Malaysia and for installation, testing and calibration respectively. The machine was brought into use on 1 June 2023. Due to changes in production technology, the machine was disposed of on 30 September 2026 for RM450,000.

**Industrial Air Compressor (Heavy Machine)**

In April 2023, the company acquired an industrial air compressor at a purchase price of RM450,000. To enable its operation, the company incurred RM25,000 for the installation cost RM20,000 on delivery and handling charges. The compressor was installed and immediately used on 1 August 2023. On 31 December 2025, Precision Manufacturing Sdn Bhd decide to sell of the asset at RM170,000.

**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 August 2025. On that date the market value of the equipment was RM180,000 and its net book value is at RM130,000.

**Motor Vehicle**

On 1 September 2025, Precision Manufacturing Sdn Bhd purchased a Honda Accord under a hire purchase agreement. The vehicle was used by senior management and was not licensed for commercial transportation. The following information relating to the purchase:

- Cash price: RM90,000.
- Deposit paid on 1 September 2025: RM10,000.
- Balance payable by 36 monthly instalments, commencing from 1 October 2025.

**Small Cutting Machine**

On 1 November 2025, the company acquired a small cutting machine for use in its manufacturing operations. The machine was purchased by cash at a cost of RM20,000. On 30 September 2026, the company disposed of the machine as it became technologically obsolete and could no longer meet the company's production requirements. The machine was sold for RM6,000.

**Required:**

Calculate the capital allowances, balancing charge, or balancing allowance (if any) for each asset of Precision Manufacturing Sdn Bhd for all relevant years of assessment up to year of assessment 2026. (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) (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) :<br>* received full-time instruction of higher education in respect of:<br>- diploma level and above in Malaysia, or<br>- degree level and above outside Malaysia, or<br>- 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)<br>* received full-time instruction of higher education in respect of:<br>- diploma level and above in Malaysia, or<br>- degree level and above outside Malaysia, or<br>- 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)]<br>(a) Medical expenses for self, spouse or child suffering from a<br>- serious disease<br>- expenses incurred on fertility treatment, or<br>- vaccination for self, spouse or child (up to RM1,000)<br>(b) Dental examination and treatment expenses for self, spouse or child, limited to RM1,000<br>(c) Complete medical examination, COVID-19 detection test and mental health examinations or consultations (up to RM1,000) be expanded as follows:<br>- purchase of self-testing medical devices such as glucometer, pulse oximeter, blood pressure monitor and thermometer; and<br>- fees for disease detection examination conducted at clinic or hospital, such as blood test, ultrasound, mammogram and pap smear<br>(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:<br>- purchase or subscription of books, journals, magazines, newspaper<br>- internet subscription<br>- purchase of personal computer, smartphone and tablet (not for business use)<br>- 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)<br>-Purchase of sports equipment<br>-Entry/ rental fees for sports facilities<br>-Registration fees for sports competitions<br>-Gym membership<br>-Sports training fees | 1,000 |
| 15 | Life insurance and EPF (a)+(b)+ (c)<br>RM<br>(a) (i) Life insurance premium 3,000<br>(ii) Contribution to EPF (voluntary)<br>(b) Contribution to EPF/approved scheme 4,000<br>(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)<br>(b) Household equipment that supports environmental sustainability, such as:<br>i. Food waste composting machines<br>ii. Other approved green tech items | 2,500 |
| 17 | Interest payments for the first residential home loan (individually or jointly owned), as follows:<br>(a) House price up to RM500,000<br>(b) House price above RM500,000 up to RM750,000 | <br><br>7,000<br>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