UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

DIPLOMA OF ACCOUNTANCY

COURSE	:	**TAXATION 1**
COURSE CODE	:	**TAX2083**
DURATION	:	**2 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 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

Adib is 56 years old and has been employed as a Finance Manager at Sedap Food Sdn Bhd since 2010. His wife Anis is a self-employed freelance novelist and is not employed by any company. Both of them are tax residents for the year 2025. On 30 September 2025, Adib decided to retire to focus on managing his own business. The details of their income for the year 2025 are as follows:

Adib

i. Adib operates three businesses: a laundry service and a pet shop located in Kuala Lumpur and a textile shop based in Singapore. The following are the information regarding his business.

	Laundry shop RM	Pet shop RM	Textile shop RM
Adjusted income/(loss)	(6,000)	25,000	40,000
Balancing charge	3,000	5,000	8,000
Capital allowance	2,000	4,000	5,000
Unabsorbed capital allowance brought forward	-	2,000	-

ii. Adib received a monthly salary of RM10,000 from Sedap Food Sdn Bhd and was granted a gratuity of RM80,000 as a retirement benefit for his 15 years of service.

iii. Adib received interest income of RM10,000 from a fixed deposit with CIMB Bank Berhad on 30 June 2025.

iv. Adib received RM20,000 dividend received from Axita Bhd, a resident company in Malaysia on 30 June 2025.

Anis

i. Anis received RM80,000 in royalty income during the year 2025 from her novel titled *Pretty Women*. She is the original author of the novel.

ii. Interest income amounting to RM25,000 from fixed deposit Maybank Berhad.

iii. Anis owned an apartment at Bangi which she rented for the year 2025. Details of the property is as follow:

Apartment	**RM**
Income (January to December 2025)	12,000
Commission to real estate agent for finding new tenant	600
Interest on loan	3,600
Quit rent and assessment	250
Extension of kitchen	2,500

Additional Information:

i. Anis incurred RM2,900 on her mother's treatment and RM5,600 on her father's treatment, who had a serious illness. Both treatments took place at Penang Specialist Hospital, and she has receipts for the payments.

ii. Adib and Anis are blessed with four children. The following are the details regarding their children. Adib elected to claim the child relief.

Airina	20 years old, currently studying Degree in Banking, full-time at University Malaysia.
Aisy	19 years old, physically handicapped and currently studying Diploma in Accountancy, Universiti Kebangsaan Malaysia.
Airit	10 years old and studying at Taylors International School.
Arjuna	5 months.

iii. Adib paid RM10,800 for Anis's medical treatment for cancer at Hospital As Salam Bangi. She has been undergoing treatment since her diagnosis and continues to receive medical care to manage the illness.

iv. Anis incurred RM3,000 for the purchase and installation of an electric vehicle (EV) charging facility at her residence.

v. Other payments made by Adib and Anis during the year:

	Adib RM	Anis RM
Purchase a wheelchair for Aisy	2,500	-
A new smartphone	5,000	-
Education insurance for Airit and Arjuna	1,200	1,500
Life insurance premium	3,980	3,200
The breastfeed equipment	-	1,800
Annual gym membership fee	1,200	-
Zakat	700	2,000
Cash donation to approved institution	3,000	1,400
Purchase of books and magazines	500	3,000

Required:

Compute the income tax payable for Adib and Anis for the year of assessment 2025. (round up your answer to the nearest RM)

(Total : 45 marks)

QUESTION 2

Creative Sdn Bhd, established in 2022, operates as a printing company from its base in Kuala Lumpur. The company closes its accounts on 31 December every year. The following is a list of assets owned by the company.

Lorry

In March 2023, the business purchased a lorry under the hire purchase term as follows:

	RM
Cost	180,000
Deposit on 1 March 2023	30,000
No. of instalments	60

The first instalment commenced on 1 April 2023. On 31 January 2025, due to some technical problems, the lorry was traded in for a delivery van costing RM130,000. The trade-in value is RM50,000.

Heavy Machine

Creative Sdn Bhd also bought a heavy machine in April 2023 at a cost of RM300,000 from India. The company also incurred RM25,000 and RM5,000 for the cost of preparing the site for installation and transportation costs.

Photocopy Machine

On 31 July 2023, a photocopy machine that was previously used business operations in Indonesia was brought into use for business in Malaysia. The cost of acquiring the photocopy machine was RM28,000.

At the date of transfer on 1 April 2024, the market value and net book were RM20,000 and RM18,000 respectively.

Required:

Calculate capital allowance, balancing charge or balancing allowance (if any) for Creative Sdn Bhd for all the relevant years assessments up to a year of assessment 2025.

(Total: 30 marks)

QUESTION 3

Encik Azmir is a Malaysian citizen provide the detail of his properties as below:

Apartment

Encik Azmir acquired an apartment in Cheras on 1 January 2021 for a price of RM 850,000, with legal fees and stamp duty costing RM 20,000 and RM5,000 respectively. He sold the property on 1 February 2025 for RM 722,000.

Terrace house

A terrace house was acquired on 20 February 2021 for investment purposes worth RM220,000. In addition to the purchase price, Encik Azmir incurred legal fees of RM5,000 and stamping fees of RM3,000 related to the transfer of ownership.

The terrace house was disposed on 15 August 2025. Details of the house are as shown below:

	RM
Consideration received	522,000
Deposit forfeited from intended buyer	20,000
Agent's fees on disposal	5,000

Encik Azmir is considering reinvesting the proceeds from a property disposal in 2024 into acquiring new properties. He is uncertain whether to purchase these properties personally or through a newly formed company. His intention is to hold these properties as long-term investments and sell them around 2030.

Condominium

Encik Azmir purchased a condominium in Bukit Jalil on 1 October 2012 at the price of RM265,000. subsequently incurred renovation expenses amounting to RM100,000 and rented out the condominium, earning a monthly rental income of RM3,120.

On 1 November 2025, Encik Azmir gives the apartment in Bukit Jalil to his son Encik Eusof as a wedding present.

Required:

a. Compute the real property gains tax (RPGT) liability on Encik Azmir from the disposal of the apartment, terrace house and condominium.

(17 marks)

b. Advise Encik Azmir whether, from RPGT perspective, he should acquire the new properties in his own name or set up a company to own them.

(4 marks)

c. Discuss the exemption available for the disposal of a private residence under the Real Property Gains Tax Act 1976.

(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

6. **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

Type of individual tax relief		Amount (RM)
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.