



**FINAL EXAMINATION**  
**DIPLOMA OF ACCOUNTANCY**

**COURSE : TAXATION 2**

**COURSE CODE : TAX2113**

**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** : \_\_\_\_\_

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**DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO**

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*The question paper consists of 7 printed pages including front page*

## QUESTION 1

- a. Explain 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 1 March 2026, MegaBuild Sdn Bhd (Malaysia) paid RM2,000,000 to ChinaBridge Construction Ltd (China), for the construction of a bridge in Pahang under a government mega project. ChinaBridge sends five engineers to Malaysia to complete the project.
- ii. PetroJaya Sdn Bhd rents three units of forklifts from Forklift Asia Ltd (Singapore) for five days to unload heavy equipment at its warehouse in Port Klang. The one-off lump sum rental payment is RM12,000. Forklift Asia Ltd delivers the forklifts to PetroJaya's premises.
- iii. On 10 April 2026, Global Sports Malaysia paid USD 8,000 (RM36,000) prize money to Gregoria Mariska Tunjung from Indonesia, who won the Malaysia Masters 2026 women's singles badminton tournament at Axiata Arena, Kuala Lumpur.
- iv. On 5 May 2026, Star Entertainment Sdn Bhd paid RM22,000 to Kim Ji-Hoon, a performing artist from South Korea, for a one-night live concert held at a convention centre in Kuala Lumpur, Malaysia. Kim Ji-Hoon was physically present in Malaysia for the performance.
- v. On 12 June 2026, Cepat Capital Sdn Bhd paid RM25,000 interest to Bank of Thailand (Bangkok), which has no branch or permanent establishment in Malaysia. The interest was for a short-term trade financing loan of RM500,000 obtained from the Bank of Thailand to fund the import of machinery from Thailand.
- vi. On 28 June 2026, MediaKreatif Sdn Bhd paid RM9,000 royalty to Nguyen Thi Lan Anh, a graphic designer from Vietnam, for using her illustration titled "Merdeka Spirit" in a Malaysian national day magazine advertisement.

(14 marks)

- b. Harmoni Event Sdn Bhd (Malaysia) engaged Apex Media Ltd, a company tax resident in Japan, for a virtual reality (VR) exhibition called "VR Muzium Negara 2026" held in Kuala Lumpur. Apex Media Ltd did not have any permanent establishment or fixed place of business in Malaysia throughout the event period.

| Purpose                                                                                                                                                                                                            | Payment (RM) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Payment for VR content streaming rights for "VR Muzium Negara 2026" delivered to audiences in Malaysia and Singapore.                                                                                              | 950,000      |
| Payment for license to use Apex Media Ltd's proprietary "VR-Connect" interactive platform during the exhibition.                                                                                                   | 220,000      |
| Payment for post-event audience analytics and viewer engagement report – 50% of the analysis work was done by Apex Media's team in Tokyo, Japan, and 50% was done by a team temporarily stationed in Kuala Lumpur. | 80,000       |

**Required:**

- i. Identify whether each payment to Apex Media Ltd is subject to Malaysian withholding tax. Provide clear reasons and the relevant sections of the Income Tax Act 1967 (if applicable).  
(8 marks)
- ii. Calculate the amount of withholding tax (if any) for each payment to the Inland Revenue Board.  
(8 marks)

(Total: 30 marks)

## QUESTION 2

- a. DesignArc Sdn Bhd, a registered person under Group G (Architectural Services), was appointed by Putrajaya Convention Centre Sdn Bhd to provide architectural design and supervision services for the renovation of the "Malaysia International Awards Night 2026" venue at the convention centre.

To complete part of the contract, DesignArc Sdn Bhd appointed EcoSketch Sdn Bhd, also a registered person under Group G, to provide specialized 3D architectural visualization and structural detailing services for the project.

EcoSketch Sdn Bhd charged a professional service fee of RM52,000 for the specialized architectural services. In addition, the following reimbursable expenses were incurred:

| <b>Out-of-pocket expenses</b>                | <b>RM</b> |
|----------------------------------------------|-----------|
| 3D rendering software license (one-time use) | 2,500     |
| High-performance workstation rental          | 1,200     |
| Transport of blueprints and scale models     | 800       |

**Required:**

- i. Explain the service tax treatment for the RM52,000 service fee charged by EcoSketch Sdn Bhd to DesignArc Sdn Bhd.  
(4 marks)
- ii. Prepare an invoice to be issued by EcoSketch Sdn Bhd to DesignArc Sdn Bhd.  
(6 marks)

- b. 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. On 10 March 2026, Gunung Batu Sdn Bhd sold RM380,000 of crushed granite aggregates to Pembinaan Maju Sdn Bhd, a construction company in Selangor. These aggregates are produced from the company's own quarry and processing plant in Hulu Langat.
- ii. On 15 March 2026, CocoAroma Sdn Bhd, a licensed manufacturer, imported RM650,000 of raw coffee beans from Vietnam. The company processed the beans into ground coffee. In April 2026, the company sold RM400,000 of ground coffee to Kopi Kenangan Café Chain in Kuala Lumpur and RM120,000 to Langkawi Duty-Free Outlet Sdn Bhd in Langkawi.
- iii. On 20 April 2026, LabLink Sdn Bhd, a registered manufacturer and importer of medical devices, sold blood analyzers worth RM280,000 to Poliklinik Mutiara Sdn Bhd in Johor Bahru.
- iv. On 15 May 2026, BioDiesel Malaysia Sdn Bhd, a registered manufacturer under the Service Tax Act 2018, exported a consignment of processed palm methyl ester valued at RM1,500,000 to GreenEnergy BV, a buyer in Netherlands.
- v. Efficient Manufacturing Sdn. Bhd. is a registered manufacturer of tyres in Kuala Lumpur. On 31 May 2026, the company sold tyres amounting to RM150,000 to Effective Trading Sd. Bhd in Kelantan.
- vi. On 15 June 2026, IndahLogistik Sdn Bhd imported warehouse forklifts from Hyundai Heavy Industries, South Korea. The purchase price was RM680,000. The following additional costs were incurred:

|                                        | <b>RM</b> |
|----------------------------------------|-----------|
| Freight charge (Incheon to Port Klang) | 42,000    |
| Insurance                              | 9,000     |
| Import Duty                            | 6%        |

(30 marks)

(Total: 40 marks)

## QUESTION 3

- a. On 1 November 2023, Farizal purchased a residential house in Johor Bahru for RM320,000. He incurred the following expenses:

|            | RM    |
|------------|-------|
| Stamp Duty | 5,000 |
| Legal fees | 4,000 |

The house's kitchen was damaged by a flood, and he received insurance recoveries of RM15,000.

On 30 January 2026, he sold the house for RM560,000. He incurred selling expenses:

|                         | RM    |
|-------------------------|-------|
| Advertising             | 3,000 |
| Real estate agent's fee | 5,000 |

**Required:**

Compute the real property gains tax liability for Farizal on the disposal of the residential house.

(5 marks)

- b. On 1 January 2022, Farizal, his wife Lidia and their son Ridzuan incorporated Fair Dynamics Sdn Bhd. They each subscribed to 180,000 shares at RM1.00 each.

**Farizal**

On 1 April 2022, Farizal purchased an apartment in Section 15, Shah Alam for RM550,000.

On 31 December 2023, he transferred the apartment to Fair Dynamics Sdn Bhd for RM750,000 consisting of:

- RM150,000 cash
- RM600,000 shares (600,000 shares at RM1.00 each)

On 1 October 2025, Farizal disposed of all his shares to an outsider, Mr. Tan Kim Seng, at RM3.00 per share.

**Lidia**

On 15 July 2024, Lidia sold 80,000 shares to an outsider, Encik Ravi, at RM2.80 per share.

On 31 December 2025, Lidia sold the remaining 100,000 shares to an outsider, Miss Wong Mei Ling, at RM3.30 per share.

**Additional information:**

- i. Fair Dynamics Sdn Bhd became a Real Property Company (RPC) on 1 September 2025. As of that date, the market value of its real properties (warehouse and land) was RM2,800,000.
- ii. Shareholding Table:

| Shareholders | 1.1.2022<br>Units | 31.12.2023<br>Units | 15.7.2024<br>Units | 1.9.2025<br>Units |
|--------------|-------------------|---------------------|--------------------|-------------------|
| Farizal      | 180,000           | 780,000             | 780,000            | 780,000           |
| Lidia        | 180,000           | 180,000             | 100,000            | 100,000           |
| Ridzuan      | 180,000           | 180,000             | 180,000            | 180,000           |

**Required:**

- a. Compute the real property gains tax payable for all relevant disposal:
- i. The transfer of an apartment on 31 December 2023 by Farizal to Fair Dynamics Sdn Bhd  
(6 marks)
- ii. The disposal of shares by Farizal to an outsider on 1 October 2025.  
(Round up to the nearest RM)  
(14 marks)
- b. Explain why the disposal of shares by Lidia to Encik Ravi on 15 July 2024 is not subject to RPGT, whereas the disposal to Miss Wong Mei Ling on 31 December 2026 is subject to RPGT.  
(Note: Do not include computation of RPGT in your answer).  
(5 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 <sup>th</sup> years                | 20%           |
| Disposal in the 5 <sup>th</sup> years                | 15%           |
| Disposal in the 6 <sup>th</sup> 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 <sup>th</sup> years                | 20%           |
| Disposal in the 5 <sup>th</sup> years                | 15%           |
| Disposal in the 6 <sup>th</sup> 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 <sup>th</sup> years and thereafter | 10%           |