



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 (1 – 6)
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

Azmir, disabled and his wife, Farah, are Malaysian tax residents for the year of assessment 2025. The following information relates to their sources of income and expenses for the year ended 2025:

Azmir

- i. Azmir owns and manages two separate businesses grocery store and vehicle cleaning centre. The financial details of the businesses for the year are as follows:

	Grocery store	Vehicle Cleaning Centre
	RM	RM
Adjusted income/(loss)	(12,000)	280,000
Capital allowance	40,000	75,000
Balancing charge	45,000	35,000

- ii. During the year, Azmir received dividend proceeds amounting to RM25,000 from his investment in Gemilang Sdn Bhd.
- iii. Azmir received interest income totaling RM8,000 was earned from a fixed deposit placement with Maju Bank.
- iv. Azmir owns a residential property in Melaka which has been continuously rented out for the past few years. The details relating to the property are as follows:

	RM
Rental income per month	2,800
Quit rent per annum	900
Fire insurance per annum	1,000
Supervision and collection fees	850
Installation of water heater	1,800

Farah

- i. Farah is employed as a Human Resource Manager. Her gross monthly salary for the year 2025 was RM8,500.
- ii. Her employer provided her with a company car, a Honda CR-V purchased in 2023 at a cost of RM155,000, together with petrol benefits.
- iii. Farah received royalty income amounting to RM35,000 from the translation of an academic reference book commissioned by the Ministry of Higher Education.
- iv. She also earned RM12,000 in interest income from a fixed deposit account with Sentosa Bank.

Additional information:

- i. Azmir has elected to claim all available child reliefs. Their children are as follows:
- | | |
|-------|--|
| Sofia | aged 23, is pursuing a full-time Bachelor's Degree in Economics., full-time at University Poly-Tech Malaysia. |
| Adam | aged 20, is a disabled child currently enrolled in a full-time Diploma in Information Technology full-time at Universiti Kuala Lumpur. |
| Irfan | 3 years. |
- ii. During the year, Azmir donated office furniture valued at RM12,000 to Rumah Kebajikan Kasih, an approved charitable organization.
- iii. Zakat contributions made during the year amounted to RM12,000 by Azmir.
- iv. Other payments made by Azmir and Farah during the year:

	Azmir RM	Farah RM
Medical expenses incurred for parents (supported by medical certification)	6,500	7,200
Dengue vaccination expenses		1,800
Medical treatment expenses for Sofia, who suffered from kidney disease		6,500
Purchase of hearing aid for Adam		2,600
Life insurance premium for Sofia		2,600
Medical insurance per annum for:		
- Adam	1,500	
- Irfan		1,500
Purchase of books, journals and reading	1,750	1,900
Monthly internet subscription	120	180
Purchased a treadmill to support a healthy lifestyle		2,000
Fees paid to child care centre – Irfan		4,500

Required:

Compute the income tax payable for Azmir and Farah for the year of assessment 2025. Farah not elected for joint assessment. *(round up your answer to the nearest RM)*

(Total: 45 marks)

QUESTION 2

Delight Bites Sdn Bhd is a company involved in the production of confectionery products and has been operating in Penang since 2021. The company prepares its accounts annually to 31 August.

i. Delivery truck

In March 2024, the company acquired a delivery truck under a hire purchase agreement to distribute its products to retailers. The details are as follows:

	RM
Cost	210,000
Deposit on 1 March 2024	15,000
No. of instalments	40

The first instalment commenced was paid 1 March 2024. On 30 March 2026 the truck was exchanged for a new model costing RM280,000. The trade-in value of the old truck was RM120,000.

ii. Sealing Machines (Heavy Machine)

In November 2023, Delight Bites Sdn Bhd purchased two automated sealing machines from Japan at a total cost of RM400,000. These machines are classified as heavy machinery.

Additional costs incurred were as follows:

- Site preparation cost RM 30,000
- Delivery and installation cost RM18,000

iii. Beverage dispenses

On 31 October 2024, the company ceased operations at its branch in Thailand, and the director transferred a beverage dispenser to the head office in Penang.

The machine was originally purchased for RM15,000. At the date of transfer, its market value was RM11,500, while its net book value was RM10,200.

Required:

Calculate capital allowance, balancing charge or balancing allowance (if any) for Delight Bites Sdn Bhd for all relevant years assessments up to a year assessment 2026.

(Total: 30 marks)

QUESTION 3

After spending 28 years working as a senior executive, Harith opted for early retirement in November 2023 upon receiving his retirement package. He then made the decision to move to Melaka. In preparation for this change, Harith proceeded to sell off his real estate holdings. The details of these properties are outlined below:

Terrace house

On 15 June 2020, Harith acquired a terrace house at a purchase price of RM1,200,000. In connection with the acquisition, he incurred stamp duty of RM5,500 and legal fees amounting to RM15,000. Two months after the purchase, he carried out substantial renovation works costing RM180,000.

Subsequently, a dispute arose with the previous owner regarding ownership rights, which led Harith to incur additional legal expenses of RM20,000. On 20 December 2020, he received compensation of RM100,000 for damages caused during the renovation by a neighbouring property.

In November 2023, Harith accepted an offer from Daniel to purchase the terrace house, and a deposit of RM20,000 was received. However, the transaction did not proceed as Daniel was unable to secure financing, resulting in the forfeiture of the deposit to Harith.

Later, on 15 June 2024, Harith entered into a sale and purchase agreement with Gemilang Properties Sdn Bhd to sell the terrace house for RM1,800,000. In relation to the disposal, he incurred the following expenses:

- Agent's commission of RM10,000
- Stamp duty of RM11,000
- Advertising expenses amounting to RM30,000

Semi-detached house

In addition, Harith owned a semi-detached house located in Johor Bahru. On 1 October 2024, he transferred ownership of the property to his daughter, Aisyah, as a gift. At the time of transfer, the property had a market value of RM1,050,000. The property was originally purchased on 1 November 2017 for RM700,000, and renovation costs of RM180,000 were incurred shortly after acquisition. Subsequently, Aisyah disposed of the semi-detached house on 31 May 2026 for RM1,250,000.

Required:

Compute the real property gains tax liability for Harith and Aisyah on the disposal of the terrace house and semi-detached house.

(Total: 25 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

APPENDIX 1 (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	37,500
On	400,000		84,400
Next	200,000	26	52,000
On	600,000		136,400
Next	400,000	28	112,000
On	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%

APPENDIX 1 (2)

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 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%

APPENDIX 1 (3)

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%

APPENDIX 1 (4)

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

APPENDIX 1 (5)

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) (a) (i) Life insurance premium RM 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

APPENDIX 1 (6)

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.

