

**FINAL EXAMINATION****DIPLOMA OF ACCOUNTANCY****COURSE : TAXATION 2****COURSE CODE : TAX2093****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 7 printed pages including front page

QUESTION 1

- a. Discuss 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 10 January 2026, Attaslink Berhad signed agreement with Sonata Win Ltd, a Korean company, for the construction of a high rise building in Kuala Lumpur. Sonata Win Ltd set up a project management office in Kuala Lumpur. The total value of the contract is RM7 million of which RM3 million is the service portion and RM4 million, the cost of materials.
- ii. On 15 February 2026, TechBiz Sdn Bhd paid RM8,000 to Lifty Pte Ltd, a company resident in Singapore, for the rental of **THREE** (3) units of industrial forklifts. The forklifts were used at TechBiz's warehouse located in Shah Alam. Lifty Pte Ltd does not have any permanent establishment in Malaysia.
- iii. On 20 April 2026, KL Sports Sdn Bhd paid RM70,000 prize money to Somchai Thongchai, a badminton player from Thailand who won a tournament held at Axiata Arena, Kuala Lumpur.
- iv. On 12 May 2026, HealthFirst Sdn Bhd paid RM32,000 to Dr. James Wilson, a physiotherapist from Australia, for conducting a rehabilitation workshop at a hospital in Penang.
- v. On 8 June 2026, Gemilang Trading Sdn Bhd paid RM18,000 interest to DBS Bank Ltd (Singapore) for a letter of credit used to import electronic components. The bank has no branch or permanent establishment in Malaysia.
- vi. Al-Madinah Sdn Bhd paid RM11,000 as an honorarium to Prof. Mehmet Demir (a university lecturer from Turkey) on 15 June 2026 for delivering a Maal Hijrah religious talk at Masjid Al-Barakah, Johor Bahru.

(28 marks)

- b. Harmony Events Sdn Bhd, a Malaysian concert and event organizer engaged SoundWave Ltd, a company tax resident in Australia, for a major hybrid (live and virtual) music festival in Johor. The festival was held on 10 March 2026.

Purpose	Payment (RM)
Payment for live streaming rights and technical platform hosting for the Johor festival. The streaming was broadcast to audiences in Malaysia and worldwide.	1,000,000
Payment for the use of SoundWave's proprietary "FanBeat" audience interaction software during the live event. The software allowed audiences to vote, request songs, and interact in real-time.	200,000
Payment for post-event data analytics and viewer engagement reports. 60% of the analysis work was done by SoundWave's team in Sydney, Australia, and 40% was done by a team temporarily stationed in Johor.	50,000

Required:

- i. Identify whether each payment to SoundWave 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.

(4 marks)

(Total: 40 marks)

QUESTION 2

- a. Karya Seni Sdn Bhd is a company in Melaka. The company provides handicraft design consultation services to customers. The company does not sell any goods, only gives design advice and plans.

From March 2025 to February 2026, the company's total income from design consultation services was RM2,800,000. The management is unsure about their service tax obligations regarding the provision of handicraft design consultation services.

Required:

- i. Explain in detail whether Karya Seni Sdn Bhd is required to apply for a service tax license for the purposes of service tax.

(3 marks)

- ii. Explain the taxable period and the submission of service tax return for Karya Seni Sdn Bhd.

(3 marks)

- b. Syariah Legal Sdn Bhd, a registered person under Group G (Legal Services on Islamic Matters), was appointed by Taqwa Solutions Sdn Bhd to provide Islamic legal consultation and documentation services at its corporate office.

In order to complete part of the contract, Syariah Legal Sdn Bhd appointed Al-Mutaqin Services Sdn Bhd, also a registered person under Group G, to provide specialized Islamic inheritance services.

Al-Mutaqin Services Sdn Bhd charged a service fee of RM48,000 for the Islamic inheritance services. In addition, the following reimbursable expenses were incurred:

Out-of-pocket expenses	RM
Legal research materials	2,000
Document printing and binding	1,200
Staff transportation expenses	800

Required:

- i. Explain the tax treatment on service charged by Al-Mutaqin Services Sdn Bhd to Syariah Legal Sdn Bhd.

(4 marks)

- ii. Prepare an invoice to be issued by Al-Mutaqin Services Sdn Bhd to Syariah Legal Sdn Bhd.

(6 marks)

- c. 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. Pasir Emas Sdn Bhd is a licensed manufacturer with its factory and processing plant in Kuantan. On 12 January 2026, the company sold RM220,000 of processed quartz to Kaca Jaya Sdn Bhd, a buyer located in Labuan.
- ii. Rempah Ratus Sdn Bhd, a licensed manufacturer, imported RM1,500,000 of raw cinnamon from Sri Lanka. The company processed the cinnamon into powder and in February 2026 sold RM900,000 of processed cinnamon powder to a food factory in Johor Bahru and RM300,000 to a duty-free outlet in Langkawi.
- iii. MediHealth Sdn Bhd, a registered manufacturer and importer in Kuala Lumpur, sold medical equipment worth RM150,000 to Klinik Sejahtera Sdn Bhd located in Penang on 21 March 2026.
- iv. Sawit Hijau Sdn Bhd exported organic palm oil valued at RM320,000 to a food processing company in the Netherlands on 15 April 2026.
- v. Pembinaan Cergas Sdn Bhd imported construction machinery from Italy. The purchase price was RM700,000. The following additional costs were incurred:

	RM
Freight charge	25,000
Insurance	10,000
Import duty	20%

(14 marks)

(Total: 30 marks)

QUESTION 3

On 1 January 2022, Rosli, his wife Salina and their son, Ahmad incorporated Kencana Sdn Bhd. They each subscribed to 200,000 shares at RM1.00 each.

Rosli

On 1 March 2022, Rosli purchased a shop lot in Klang for RM720,000. Other costs incurred:

	RM
Stamp duty on transfer	9,000
Legal and valuation fees	11,000

On 1 December 2023, Rosli transferred the shop lot to Kencana Enterprise Sdn Bhd for a total consideration of RM1,000,000, consisting of:

- RM250,000 cash
- RM750,000 in Kencana Sdn Bhd shares (750,000 shares at RM1.00 each)

On 5 January 2026, Rosli disposed of all his 950,000 shares in Kencana Sdn Bhd to an outsider at RM2.50 per share.

Salina

On 15 April 2023, Salina purchased a condominium in Damansara for RM680,000. She rented out the condominium to a tenant for RM2,500 per month.

On 10 December 2024, she transferred the condominium to Kencana Sdn Bhd for RM1,300,000, consisting of:

- RM600,000 cash
- RM700,000 in shares (700,000 shares at RM1.00 each)

On 10 January 2026, Salina disposed of 40% of her shares in Kencana Sdn Bhd to an outsider at RM2.50 per share.

Additional information:

- Kencana Sdn Bhd became a Real Property Company (RPC) on 1 January 2026 following the acquisition of a large storage facility. As of that date, the market value of its real properties was RM2,500,000. The company was not classified as a Real Property Company prior to this date.

ii. Shareholding table for Kencana Sdn Bhd.:

Shareholders	1.1.2022 Units	1.12.2023 Units	10.12.2024 Units	1.1.2026 Units
Rosli	200,000	950,000	950,000	950,000
Salina	200,000	200,000	900,000	900,000
Ahmad	200,000	200,000	200,000	200,000

iii. On 30 June 2026, Ahmad disposed of 100,000 of his shares in Kencana Sdn Bhd to his daughter Nadia at RM3.50 per share. The deemed acquisition price of Ahmad's shares is RM337,838.

Required:

- a. Compute the real property gains tax payable for all relevant disposal:
 - i. The transfer of the shop lot on 1 December 2023 by Rosli to Kencana Sdn Bhd. (5 marks)
 - ii. The disposal of shares by Rosli to an outsider on 5 January 2026. (14 marks)
 - iii. The disposal of shares by Ahmad to his daughter Nadia on 30 June 2026. (6 marks)
 - b. Explain the submission of RPGT return for Ahmad after he disposed of his shares in Kencana Sdn Bhd (a Real Property Company). (2 marks)
 - c. Kencana Sdn Bhd became an RPC on 1 January 2026. Explain the consequences of this classification on Salina's shareholdings, in terms of the treatment of her disposal of shares and how this treatment affects her RPGT liability if she disposes of her shares after the date it became an RPC. (*No calculation for RPGT is required*). (3 marks)
- (Total: 30 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 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%