



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

Rajesh is 58 years old and has been employed as an Operations Director at Maju Spice Sdn. Bhd. since 2011. His wife, Kavitha, is a self-employed freelance writer and is not employed by any company. Both of them are tax residents in Malaysia for the year of assessment 2025. On 31 August 2025, Rajesh decided to retire in order to concentrate on his own business ventures. The details of their income for the year 2025 are as follows:

Rajesh

- i. Rajesh operates three businesses: a car wash service and a mini market located in Johor Bahru, as well as a handicraft shop based in Thailand. The details of the businesses are as follows:

	Car Wash	Mini Market	Craft Shop
	RM	RM	RM
Adjusted income/(loss)	(8,000)	20,000	48,000
Balancing charge	4,000	6,000	10,000
Capital allowance	3,000	5,000	6,000
Unabsorbed capital allowance brought forward	-	3,000	-

- ii. Rajesh received a monthly salary of RM11,500 from Maju Spice Sdn. Bhd. In addition, he was granted a gratuity of RM95,000 as a retirement benefit after serving the company for 14 years.
- iii. On 15 July 2025, Rajesh received interest income amounting to RM12,000 from a fixed deposit account with Public Bank Berhad.
- iv. Rajesh also received dividends of RM24,000 from Sentosa Holdings Berhad, a Malaysian resident company, on 20 June 2025.

Kavitha

- i. Kavitha earned royalty income amounting to RM92,000 during the year 2025 from her novel entitled *Whispers of Love*. She is the original author of the book.
- ii. She also received RM18,000 of dividend income from Amanah Saham Nasional Berhad.
- iii. Kavitha owns a condominium in Seremban which was rented out. The details are as follows:

Apartment	RM
Rental Income (April to December 2025)	15,600
Replacement cost for aircond	700
Interest on housing loan	4,200
Assessment and quit rent	320
Renovation of dining area	3,000

Additional Information:

- i. Kavitha incurred RM2,900 on her mother's medical treatment and RM5,600 on her father's treatment for serious illnesses. Both treatments were carried out at Gleneagles Hospital Kuala Lumpur, and valid receipts were retained.
- ii. Rajesh and Kavitha have four children. Rajesh elected to claim the child relief.

Anusha	21 years old, pursuing a full-time Degree in Finance at Universiti Malaya.
Viknesh	18 years old, physically disabled and currently studying Diploma in Business Studies at Universiti Teknologi MARA.
Harini	11 years old and studying at Seri International School.
Kiran	8 months old.

- iii. Rajesh paid RM12,500 for Kavitha's breast cancer treatment at KPJ Ampang Puteri Specialist Hospital during the year 2025.
- iv. Kavitha spent RM4,000 for the food waste composting machine.
- v. Other payments made by Rajesh and Kavitha during the year:

	Rajesh RM	Kavitha RM
Purchase of wheelchair for Viknesh	3,000	-
Purchase of new tablet	4,500	-
Education insurance for Harini and Kiran	1,500	1,800
Life insurance premium	4,200	3,500
Breastfeeding equipment	-	2,000
Annual sports club membership fee	1,500	-
Cash donation to approved institution	4,000	1,800
Purchase of books, journals and reading	800	2,500
Bodh Ghaya – A holy place for Budha	-	1,200

Required:

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

(Total: 45 marks)

QUESTION 2

Ravi Industries Sdn Bhd is a manufacturing company involved in producing ceramic products. The company closes its accounts on 30 June each year. The business owns the following assets:

Printer Machine

A printer machine, originally purchased for personal use at a cost of RM12,000, was introduced into the business on 28 July 2024. The details of the machine are as follows:

- Market value: RM8,800
- Net book value: RM7,200

Ceramic Moulding Machine

Ravi Industries Sdn Bhd acquired and installed a new ceramic moulding machine on 18 September 2024 at a cost of RM75,000. The cost incurred for site preparation amounted to RM6,500. The machine was later disposed of on 20 November 2025 for RM40,000.

Motor Vehicle

The company purchased a Honda Accord for its director under a hire purchase arrangement for business purposes on 1 January 2026. The details are as follows:

Cash price	RM200,000
Deposit	RM40,000
Monthly installments (commencing 1 February 2026)	RM3,800
No. installments	60 months

Required:

Compute capital allowance, balancing allowance or charges (if any) for the relevant year of assessment up to year of assessment 2026. (*round up your answer to the nearest RM*)

(Total: 30 marks)

QUESTION 3

Anjali had been working as a finance manager in a private company for over 20 years. In January 2025, she decided to resign from her position to start her own business in Penang. To raise capital for her new venture, she planned to dispose of some of her property investments. The details of her properties are as follows:

Service Apartment

Anjali purchased a service apartment on 15 May 2023 for RM950,000. In connection with the acquisition, she incurred stamp duty of RM6,000 and legal fees of RM18,000.

She subsequently carried out renovation works on the property, incurring enhancement costs of RM150,000. Due to a dispute with the previous owner regarding ownership rights, Anjali incurred additional legal fees amounting to RM10,000. During the renovation period, damage was caused to a neighboring unit and Anjali received compensation of RM80,000.

In August 2024, Anjali received an offer from Rahul to purchase the service apartment, together with a deposit of RM25,000. However, the transaction did not proceed as Rahul was unable to secure financing, and the deposit was forfeited.

Anjali eventually disposed of the service apartment on 15 March 2026 for RM1,650,000. In relation to the disposal, she incurred agent's commission RM6,500, stamp duty RM7,500 and advertising expenses RM20,000.

Townhouse

Anjali also owned a townhouse, which she transferred to Salman, her husband, as an anniversary gift on 1 October 2022. The market value of the property at the date was RM880,000. She bought the townhouse on 1 November 2017 for RM550,000 and incurred RM140,000 on extension works two months after the purchase.

Required:

Compute the real property gains tax liability for Anjali and Salman on the disposal of the service apartment and townhouse.

(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) 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: - Food waste composting machines - Other approved green tech items	2,500
17	Interest payments for the first residential home loan (individually or jointly owned), as follows: - House price up to RM500,000 - 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.

