

**FINAL EXAMINATION****BACHELOR OF ACCOUNTANCY (HONOURS)****COURSE : TAXATION 2****COURSE CODE : TAX3124****DURATION : 3 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
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 15 January 2026, Horizon Events Sdn Bhd paid RM300,000 to a South Korean entertainment agency for a concert performance by a non-resident pop group in Kuala Lumpur.
- ii. On 12 February 2026, Mega Construction Sdn Bhd made a payment of RM2,000,000 to Taisei Corporation, a contractor firm from Japan, for civil engineering and construction services related to a new transit system project in Penang.
- iii. On 4 March 2026, Selat Marine Bhd paid RM500,000 to Offshore Equip Ltd (a Singaporean company) for the rental of specialised deep-sea drilling equipment used in Malaysian waters.
- iv. On 25 March 2026, Alpha Tech Malaysia Sdn Bhd paid a royalty worth RM450,000 to Silicon Inc., a company incorporated in the United States, for the right to use their proprietary software application and intellectual property.
- v. On 10 April 2026, Borneo Paper Mill Bhd paid RM85,000 to Voith GmbH Ltd, a German company, for providing on-site technical training and machine commissioning services for a new production plant in Sarawak.
- vi. On 22 April 2026, Malaya Digital Sdn Bhd paid RM80,000 to an independent IT consultant from the United States who traveled to Malaysia to customize their database system.
- vii. On 5 May 2026, Taylor University paid RM60,000 to Dr. Hans Müller, a prominent non-resident academic speaker from Switzerland, for conducting a specialized two-day religious lecture in Kuala Lumpur.
- viii. On 9 June 2026, Nusantara Palm Oil Bhd paid interest of RM250,000 to London Finance Corp (a non-resident lender in the United Kingdom) for a commercial business loan.

(15 marks)

- b. Apex Tennis Group Sdn Bhd is organizing the Malaysia Tennis Open 2026 scheduled to be held from 12 to 18 April 2026 at the Jalan Duta Tennis Complex. The event is a premier international tournament featuring top-ranked players worldwide. A Swiss sports management firm, FastTrack Sports Ltd, has partnered with the company to provide equipment and oversight.

On 5 May 2026, Apex Tennis Group Sdn Bhd made the following payments, which were received by the foreign recipients on 15 May 2026:

Purpose	Payment (RM)
Payment for rental of specialised digital scoreboard and Hawk-Eye tracking systems provided by FastTrack Sports Ltd.	600,000
Payment for freight and shipping charges for rental equipment paid to FastTrack Sports Ltd.	40,000
Payment to Aina Abdul, a singer resident in Malaysia, was arranged by FastTrack Sports Ltd. for her performance during the opening ceremony.	10,000
Payment to Roger Federer, a Swiss tennis player, for winning the singles championship title at the Malaysia Tennis Open 2026.	1,500,000

Required:

- Explain whether each of the payments made by Apex Tennis Group Sdn Bhd is subject to withholding tax, providing reasons and the relevant section of the Income Tax Act 1967 (if applicable), and calculate the amount of withholding tax payable for each payment.
(5 marks)
- Advise on the due date by which Apex Tennis Group Sdn Bhd must remit the withholding tax to the Inland Revenue Board.
(2 marks)
- Based on your answer ii, explain on the penalty if Apex Tennis Group Sdn Bhd failed to remit the withholding tax to the Inland Revenue Board.
(3 marks)

(Total: 25 marks)

QUESTION 2

- a. Dim Sum Palace Sdn Bhd is a Chinese-style restaurant chain serving traditional dim sum and Chinese cuisine. They operate 8 branches across Selangor and Kuala Lumpur. Since 15 January 2026, Dim Sum Palace Sdn Bhd has operated continuously, and its total sales for food and beverages reached RM1.65 million.

Required:

- i. Discuss whether Dim Sum Palace Sdn Bhd is required to apply for a service tax license under the Service Tax Act 2018.
(2 marks)
- ii. Explain the taxable period and the submission of service tax return for Dim Sum Palace Sdn Bhd.
(3 marks)

- b. Zeta Tech International Sdn Bhd is a taxable person under the Service Tax Act 2018 providing information technology (IT) services in Malaysia. Apex IT Solutions Sdn Bhd, which is also a registered service tax company, provides database optimization services to Zeta Tech International Sdn Bhd's client, Mr Chuah in Selangor. The service fee charged for the IT consultancy work amounted to RM80,000. Both companies fall under Group G (Professional Services).

Required:

- i. Discuss whether the IT consultancy services are subject to service tax under the Service Tax Act 2018.
(4 marks)
- ii. Explain the tax treatment if Apex IT Solutions Sdn Bhd decides to charge travelling expenses for carrying out the consultancy services to Mr Chuah.
(3 marks)
- iii. State the scenarios under 'personal consumption' that disqualify a registered service provider from claiming a service tax exemption.
(4 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. On 14 January 2026, Songket Heritage Sdn Bhd, a registered manufacturer of traditional textiles in Terengganu, supplied custom-made royal songket fabric valued at RM24,500 directly to the office of the Sultan of Terengganu for official use.
- ii. On 11 February 2026, Borneo Oil Bhd imported refined palm-based cooking oil from Indonesia for RM1,800,000. The company subsequently sold a portion worth RM800,000 to a distributor in Pulau 1, Johor and the remaining portion worth RM1,200,000 to a wholesaler in Pulau Pangkor.
- iii. On 3 March 2026, Premium Granite Malaysia, a major stone exporter, sold premium granite slabs worth RM450,000 to a luxury resort development project located in Bali, Indonesia.
- iv. On 18 April 2026, Wira Automotive Sdn Bhd sold 50 units of passenger cars for a total invoice value of RM3,500,000 to an authorised car dealership operating within Pulau Tioman.
- v. On 12 May 2026, Excel Steel Works Sdn Bhd, a registered sales tax manufacturer, sold 15 tonnes of taxable aluminum scrap metal for RM65,000 to a local unregistered recycling merchant.
- vi. On 25 May 2026, Alpha Manufacturing Bhd imported taxable goods from an overseas supplier. The invoice purchase price was RM320,000. The company also paid freight charges of RM8,000, marine insurance of RM12,000, and was subjected to an import duty rate of 15% by the Royal Malaysian Customs Department.

(14 marks)

(Total: 30 marks)

QUESTION 3

Mahkota Holdings was incorporated on 1 January 2019 by Tan Sri Rahman and his daughter, Bella, with a paid-up capital of 600,000 ordinary shares at RM1.00 each. On 14 February 2020, Bella married Daniel, who subsequently subscribed to 300,000 ordinary shares in the company.

Tan Sri Rahman acquired a luxury villa, Bayu Residence at Bukit Tunku, Kuala Lumpur, on 10 May 2017 for RM3,100,000 with legal fees and stamp duty costing RM45,000.

On 12 November 2017, he spent RM250,000 upgrading the swimming pool and security system. In March 2018, he received RM60,000 compensation from an insurance company for minor landslide damages on the property boundary. Tan Sri Rahman subsequently transferred the villa to Bella as a birthday gift when its market value was RM4,200,000 on 31 December 2018.

On 15 August 2019 Tan Sri Rahman acquired a commercial shophouse, Metro Central at Petaling Jaya, Selangor for RM1,800,000. He paid legal fees and stamp duty amounted RM3,000 and RM8,000 during this acquisition.

On 4 January 2020, he spent RM150,000 adding an extra floor and extending the storage space. In September 2020, he received RM30,000 compensation from an insurance provider for flash flood damages to the ground floor boundary wall. Tan Sri Rahman then decided to sell the shophouse to another party for RM2,250,000 on 20 November 2021. During the disposal, he incurred RM4,000 on advertising and an agent's fee of RM1,000. On the same year, Tan Sri Rahman incurred loss on disposal of land RM50,000.

On 20 November 2023, Bella transferred the villa (Bayu Residence) to Mahkota Holdings for a consideration of 1,000,000 ordinary shares valued at RM1.50 each and a cash payment of RM400,000.

On 14 May 2025, Bella sold the 1,000,000 ordinary shares she received on 20 November 2023 to Saujana Group Bhd for RM3.20 per share.

Mahkota Holdings became a Real Property Company (RPC) on 1 January 2026 following the acquisition of several commercial shop-lots. As of that date, the market value of its real property assets stood at RM3.00 per share. Mahkota Holdings was not classified as an RPC prior to this date.

On 5 March 2026, Daniel disposed of his entire 300,000 units of shares at RM2.50 per unit to his brother, Ethan, to fund urgent medical treatments overseas for a chronic condition.

Shareholders	14.2.2020 Units	20.11.2023 Units	14.5.2025 Units	1.1.2026 Units
Tan Sri Rahman	600,000	600,000	600,000	600,000
Bella	600,000	1,600,000	600,000	600,000
Daniel	300,000	300,000	300,000	300,000

Required:

- a. Compute the real property gains tax payable (if any) on below disposals of shares and real property:
- i. The transfer of the villa, Bayu Residence by Tan Sri Rahman to Bella as a birthday gift on 31 December 2018.
(3 marks)
 - ii. The disposal of the shophouse, Metro Central by Tan Sri Rahman on 20 November 2021.
(15 marks)
 - iii. The transfer of the villa, Bayu Residence by Bella to Mahkota Holdings on 20 November 2023.
(5 marks)
 - iv. The disposal of the shares by Bella to Saujana Group Bhd on 14 May 2025.
(10 marks)
 - v. The disposal of the shares by Daniel to Ethan on 5 March 2026.
(5 marks)

(ALL answers must be rounded up to TWO decimal places).

**** Note: Show all the relevant computations and give reasons for your answers.**

- b. Advise Tan Sri Rahman whether he is entitled to the 'private residence exemption' for the disposal of a residential property in Melaka, given that he has not elected for this exemption prior to this.
(7 marks)

(Total: 45 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%