

**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 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 18 January 2026, Borneo Timber Sdn Bhd paid a royalty of RM180,000 to a Japanese corporation for the licensing rights to use an advanced wood-processing technology.
- ii. On 5 February 2026, Langkawi Resort Bhd paid RM150,000 to a famous British singer for a one-night live performance at the resort's annual gala dinner.
- iii. On 20 February 2026, Bayan Lepas Tech Bhd made a payment of RM4,000,000 to Siemens Corp (a non-resident contractor from Germany) for a turnkey factory installation project.
- iv. On 12 March 2026, Klang Logistics Sdn Bhd paid RM95,000 to a Singaporean shipping company for the short-term lease of specialised cargo containers used within Malaysia.
- v. On 28 March 2026, Southern Bio-Tech Bhd paid interest of RM320,000 to a non-resident lender in Hong Kong for a loan used to finance its research facility in Johor.
- vi. On 15 April 2026, Apex Development Sdn Bhd paid a commission of RM45,000 to an independent real estate agent (a resident in Malaysia) for securing a buyer for a commercial property in Kuala Lumpur.
- vii. On 30 April 2026, Petra Petroleum Bhd paid RM115,000 to an architectural firm based in the Netherlands for designing the blueprint of a new offshore platform. The entire design work was performed in the Netherlands.
- viii. On 14 May 2026, Cyberjaya Solutions Sdn Bhd paid RM70,000 to an expert software developer from India who travelled to Malaysia for two weeks to conduct specialised system debugging.

(14 marks)

- b. SoundWave Entertainment Sdn Bhd is organizing the Borneo International Music Festival 2026 scheduled to be held on 2 May 2026 at the Sarawak Cultural Village. The festival features legendary musical acts and production specialists from around the globe. A British production house, London Audio Ltd, was engaged to manage the event logistics and technical framework.

On 22 May 2026, SoundWave Entertainment Sdn Bhd made the following payments, which were received by the foreign recipients on 5 June 2026:

Purpose	Payment (RM)
Payment to Coldplay, a British music band, for their headlining live concert performance at the festival.	3,000,000
Payment for stage sound engineering, lighting design, and technical management services provided on-site by London Audio Ltd.	800,000

Required:

- i. Explain whether each of the payments made by SoundWave Entertainment 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.
(4 marks)
- ii. Advise on the due date by which SoundWave Entertainment Sdn Bhd must remit the withholding tax to the Inland Revenue Board.
(2 marks)
- iii. Calculate the amount of debt to the Inland Revenue Board if the company failed to remit the amount withholding tax.
(5 marks)
- (Total: 25 marks)

QUESTION 2

- a. Mutiara Rasa Catering Sdn Bhd (MRasa) operates a premier Malay-fusion restaurant in Kuantan, Pahang. MRasa is a registered person under the Service Tax Act 2018 (Group B: Food and Beverage) since 2026. The company provides the following financial details for its first taxable period from 1 March 2026 to 30 April 2026:

Revenue	March (RM)	April (RM)	Total (RM)
Food & Beverage Sales	300,000	600,000	900,000
Service Charge (10%)	13,000	60,000	76,000
Merchandise Sales	50,000	25,000	75,000

Required:

- i. Explain the taxable period and the submission of the service tax return for Mutiara Rasa Catering Sdn Bhd, and state the due date of the service tax payment to the Royal Malaysian Customs Department (RMCD).
(4 marks)
 - ii. Discuss whether Mutiara Rasa Catering Sdn Bhd's revenue for the taxable period from 1 March 2026 to 30 April 2026 is subject to service tax and compute the service tax payable.
(4 marks)
- b. Utama Development Sdn Bhd is a registered person operating an engineering consultancy in Malaysia. The company was hired by Mr. Aman for the construction of a new resort in Penang. To assist with the project, Utama Development Sdn Bhd engaged Rahim & Partners Consultants Sdn Bhd which is also a registered service tax person to provide specialized structural architectural services for a fee of RM120,000. Both companies fall under Group G (Professional Services).

Once the project phase was completed, Rahim & Partners Consultants Sdn Bhd incurred out-of-pocket expenses which were charged back to Utama Development Sdn Bhd. These included RM7,000 for site-travelling costs, RM4,000 for printing costs, and RM2,000 for courier and documentation costs.

Required:

- i. Explain whether the architectural services and the out-of-pocket expenses are subject to service tax.
(5 marks)
- ii. Based on your answer in (b)(i), prepare the tax invoice to be issued to Utama Development Sdn Bhd.
(5 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 9 March 2026, Ocean Harvest Ltd imported packaged foodstuffs from Thailand for RM1,200,000. They delivered RM500,000 worth of goods to Pulau Pangkor and shipped the remaining RM900,000 worth of goods to a retail chain in Pulau 1, Johor.
- ii. On 5 April 2026, Dynamic Marble Sdn Bhd sold premium Italian marble blocks valued at RM520,000 to a commercial boutique hotel currently being constructed on Pulau Langkawi.
- iii. On 22 April 2026, Pewter Craft Bhd, a licensed manufacturer of luxury tableware, sold a set worth RM18,900 directly to the Yang di-Pertuan Agong for a royal state banquet.
- iv. On 14 May 2026, Jaguh Motor Sdn Bhd export 80 units of commercial scooters for a total value of RM480,000 to a rental agency operating on Indonesia.
- v. On 2 June 2026, Omega Trading Sdn Bhd imported a shipment of taxable consumer goods from China. The purchase price was RM500,000. The insurance premium paid was RM15,000. Additionally, the customs authority levied an import duty of 10% on the goods.

(12 marks)

(Total: 30 marks)

QUESTION 3

Gemilang Holdings Sdn Bhd was incorporated on 1 April 2020 by Datuk Yusuf and his son, Ammar, with an initial paid-up capital of 800,000 ordinary shares at RM1.00 each. On 18 October 2021, Ammar married Sarah, who subsequently subscribed to 400,000 ordinary shares in the company, bringing the total issued share capital to 2,000,000 units split between Datuk Yusuf, Ammar and Sarah.

Datuk Yusuf had previously acquired a luxury residential bungalow named Mutiara Heights at Damansara, Kuala Lumpur, on 15 May 2018 for RM4,200,000, paying legal fees and stamp duties during the acquisition amounted RM60,000 and RM5,000 respectively. In March 2019, he spent RM320,000 constructing a garage and store room on the property. Later, in July 2020, he received RM85,000 from an insurance company as compensation for storm damages to the roof structure. On 12 December 2021, Datuk Yusuf transferred this bungalow to Ammar as a wedding gift, at which time the market value of the property was RM5,500,000.

Ammar held the property until 14 June 2024, when he sold the Mutiara Heights bungalow to Datuk Rahmat for RM5,000,000, incurring RM50,000 in advertising costs and an agency fee of RM20,000. Prior to the disposal, Ammar also incurred valuation fees amounting to RM10,000. In the same year, Ammar sustained a loss of RM5,000 on the disposal of a piece of land in Sabak Bernam.

In a separate transaction, Ammar had acquired a 3-story commercial shophouse, Meranti Central in Shah Alam, Selangor, on 10 September 2020 for RM2,500,000, incurring incidental acquisition costs of RM12,000. In February 2021, he spent RM800,000 adding an elevator system to the building, and in November 2022, he received RM40,000 in insurance compensation for minor fire damage on the ground floor. Ammar transfer the shophouse to Gemilang Holdings Sdn Bhd for a total consideration of 1,500,000 ordinary shares valued at RM2.00 each and a cash payment of RM500,000 on 31 December 2022. On 22 August 2025, Ammar sold 1,500,000 of these newly received ordinary shares to Saujana Mega Bhd for RM2.50 per share.

Gemilang Holdings Sdn Bhd officially became classified as a Real Property Company (RPC) on 1 January 2026 following the direct acquisition of several high-value commercial lots. As of that classification date, the market value of its real property assets stood at RM4.50 per share. Prior to 1 January 2026, the company did not meet the criteria of an RPC.

On 12 March 2026, Sarah disposed of her entire holding of 400,000 ordinary shares at RM3.20 per share to her sister, Fiona, to raise immediate funds for critical medical treatments overseas.

Shareholders	18.10.2021 (Units)	31.12.2022 (Units)	22.8.2025 (Units)	1.1.2026 (Units)
Datuk Yusuf	800,000	800,000	800,000	800,000
Ammar	800,000	2,300,000	800,000	800,000
Sarah	400,000	400,000	400,000	400,000
Fiona	—	—	—	—

Required:

- a. Compute the real property gains tax payable (if any) on below disposals of shares and real property:
- i. The transfer of the bungalow, Mutiara Heights by Datuk Yusuf to Ammar as a wedding gift on 12 December 2021.
(3 marks)
 - ii. The transfer of the shophouse, Meranti Central by Ammar to Gemilang Holdings Sdn Bhd on 31 December 2022.
(5 marks)
 - iii. The disposal of the bungalow, Mutiara Heights by Ammar to Datuk Rahmat on 14 June 2024.
(16 marks)
 - vi. The disposal of the shares by Ammar to Saujana Mega Bhd on 22 August 2025.
(10 marks)
 - vii. The disposal of the shares by Sarah to Fiona on 12 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. Based on your answer in **(a)(ii)**, advise Ammar on the deadline to submit his return. What are the tax implications if he decides to file his return with the Inland Revenue Board on 31 December 2024?
(6 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%