



FINAL EXAMINATION
BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE : ADVANCED TAX AND PLANNING

COURSE CODE : TAX4123

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
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

AgroHarvest Plantation Berhad is a Malaysian company engaged in a promoted agricultural activity, namely the cultivation and processing of high-value tropical fruits for export, which qualifies for Investment Tax Allowance (ITA) under the *Promotion Investment Act 1986* and the guidelines issued by the Malaysian Investment Development Authority (MIDA).

The company was incorporated in 2019 and operates from its plantation and processing facilities located in Bintulu, Sarawak. In addition, the company conducts specialised training programmes related to modern agricultural techniques and post-harvest handling in compliance with industry best practices.

AgroHarvest Plantation Berhad prepares its accounts to 31 March each year. The following information represents the adjusted income/(loss) and other relevant financial details of the company for the last three years of assessment:

	2024 RM	2025 RM	2026 RM
Promoted Products			
Adjusted Income/(Loss)	(1,350,000)	3,400,000	2,250,000
Balancing Charge	480,000	-	-
Capital Allowances	280,000	700,000	780,000
Non-Promoted Products			
Adjusted Income/(Loss)	(261,500)	260,000	(130,000)
Balancing Charge	-	-	60,000
Capital Allowances	70,000	80,000	55,000
Other income & expenses			
Land rental income (Pahang)	100,000	120,000	140,000
Dividend from Plant Sdn Bhd	30,000	25,000	18,000
Interest Income from Agro Bank	21,500	28,000	30,000
Donation to approved organisation	18,000	19,000	15,000
Capital Expenditure	Date incurred	RM	
Integrated Fruit Processing Facility	20 February 2024	3,500,000	
Cold storage & Packing Centre	12 July 2024	600,000	
Refrigerated Trucks	18 September 2025	700,000	
Farming Machine	30 May 2025	650,000	
Automated Irrigation System	10 December 2025	420,000	
Agricultural Training & Research Centre	2 February 2026	780,000	

Required:

Compute the chargeable income and the amount to be credited to the exempt income account of AgroHarvest Plantation Berhad for the years of assessment 2024, 2025 and 2026.

(Total: 30 marks)

QUESTION 2

Vertex Holdings Berhad is an investment holding company based in Shah Alam that owns Skyline Plaza, a fully completed commercial retail complex. To raise funds for the purpose of restructuring its existing debts, the board of directors has proposed the establishment of a listed Real Estate Investment Trust (REIT), to be known as Vertex Commercial REIT.

The following details represent the financial accounts for the financial year ending 31 May 2026:

Income	RM '000	RM '000
Gross rental income	42,000	
Less: Operating expenses	(15,800)	
Net rental income		26,200
Interest income from Bon Simpanan Malaysia		720
Compensation from the developer		6,200
Expenditure		
Realised loss on disposal of quoted share		(1,200)
Interest on the term loan from Affin Bank		(3,400)
Depreciation		(820)
Other operating expenses		(5,200)
Manager's remuneration		(1,950)
Trustees's fee		(2,400)
Profit before taxation		18,150

Additional information

- Capital allowance for the year amounted RM 2,200,000.
- Other operating expenses include payment for the acquisition of a digital tenant management system license amounting to RM900,000.

Required:

- Determine the total income of Vertex Commercial REIT for the year of assessment 2026. Write 'Nil' where no adjustment is required.
(8 marks)
- The company is considering two (2) options whether to distribute RM15,000,000 or RM20,000,000 of its total income to the unit holders for the year of assessment 2026. Explain the tax implication on the company under both options of distributing the total income to the unit holders.
(4 marks)
- Explain the tax treatment for each of the following items in arriving at the total income:
 - Net rental income
 - Interest income
 - Dividend income
 - Manager's salary and trustees' fee

(8 marks)

(Total: 20 marks)

QUESTION 3

Farhan, a Malaysian tax resident, has been paying monthly income tax instalments of RM20,500 based on his estimated income, assuming it remains stable. He has maintained the same pattern over the years. His tax files for YA 2024 and 2025 have been selected for audit by the Inland Revenue Board (IRB). The IRB has obtained relevant financial information during the audit. Farhan has engaged you as his tax consultant to prepare a Capital Statement based on the available information:

1. Farhan commenced his first business in Kangar, Perlis on 1 January 2020 with an initial capital of RM420,000. The financial details are as follows:

	2024 RM	2025 RM
As at 31 December		
Balance of retained earnings	1,050,000	720,000
Drawings	120,000	260,000

In March 2025, Farhan disposed of the Perlis business, generating a gain of RM55,000. Subsequently, in September 2025, he established a new business in Kuantan, Pahang. The net assets of the new business were valued at RM650,000 as at 31 December 2025.

2. Farhan purchased an apartment in Ipoh on 12 May 2019 for RM420,000, which currently has a market value of RM1,050,000. He also acquired an industrial lot in Kemaman, Terengganu on 18 October 2021 for RM750,000. Additionally, he purchased a double-storey terrace house in Seremban, Negeri Sembilan on 10 March 2025 for RM920,000.

In April 2025, Farhan sold the Ipoh apartment for RM520,000. Later, in October 2025, he acquired another terrace house in Alor Setar for RM700,000, paying a deposit of RM200,000, with the remaining RM500,000 financed through a bank loan repayable over 25 years, with monthly instalments commencing in November 2025.

3. In 2018, Farhan obtained a personal loan of RM300,000 from his cousin, Amir to finance the purchase and renovation at one of his property. As at 31 December 2024, the outstanding balance was RM120,000. During 2025, he repaid 50% of the outstanding balance.
4. In 2024, Farhan invested in 200,000 ordinary shares of Tech Vision Bhd at RM1.80 per share. On 15 August 2025, he disposed of 120,000 shares at RM1.20 per share. On 18 September 2025, he purchased another 20,000 shares from Demo Bhd at RM1.50 per share.
5. Farhan purchased a used Honda Civic in June 2024 for RM40,000 in cash. He later sold the vehicle in November 2025 for RM15,000 to reduce his financial commitments and use the proceeds to partially repay his outstanding personal loan. He also owns Nissan X-Trail, acquired in August 2023 for RM140,000, for which he has been making consistent monthly loan repayments of RM1,500.

6. In 2008, Farhan and his brother inherited two parcels of commercial land from their late father, each valued at RM60,000, together with a residential house in Tawau, valued at RM180,000. In October 2025, Farhan sold the residential house for RM240,000 after reaching an agreement with his brother to divide the proceeds between them.
7. In 2003, Farhan granted an interest-free loan of RM150,000 to his friend, Daniel, to help him start a small food and beverage business. The agreement required annual repayments of RM15,000, commencing in 2023.
8. In a year 2023, Farhan incurred average monthly household expenses of RM3,200. These expenses are expected to increase by 10% annually, in line with inflationary pressures and the rising cost of living.
9. Other personal transactions
 - In July 2023, Farhan extended interest-free loan of RM25,000 to his nephew. By the end of 2024, 70% of the loan had been repaid. The nephew passed away in June 2025 due to cancer.
 - Farhan's spouse, who is not employed, purchased gold jewellery worth RM12,000 in 2024 from Habib Jewels and additional jewellery worth RM20,000 in 2025 from Poh Kong.
 - Farhan spent RM18,000 on a family vacation to Kuching, Sarawak in 2024 and RM30,000 on a holiday to Da Nang, Vietnam in 2025.
10. Other expenses and bank balances are as follows:

As at 31 December	2023 RM	2024 RM	2025 RM
Insurance premium (Prudential)	40,000	55,000	75,000
Vehicle maintenance expenses	18,000	20,000	24,000
Donations to approved bodies	25,000	25,000	25,000
Bank account balances			
Maybank	60,000	120,000	250,000
Bank Islam	50,000	110,000	180,000

Required:

Based on the information provided, compute the undisclosed income (if any) for the year of assessment 2025.

(Total: 50 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

