

**FACULTY OF BUSINESS****FINAL EXAMINATION**

Student ID (in Figures) :

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Student ID (in Words) :

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Course Code & Name : **ACC2313 TAXATION I**  
Semester & Year : May - August 2022  
Lecturer/Examiner : Mr Muhammad Firdaus  
Duration : 3 Hours

**INSTRUCTONS TO CANDIDATES**

1. This question paper consists of 1 part:  
**PART A (100 marks) : FOUR (4) structured questions. Answer ALL questions. Answers are to be written in the Answer Booklet provided.**
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, except for multiple-choice questions, where 2B pencils are to be used.

**WARNING:** The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

**Total Number of pages = 8 (Including the cover page)**

**PART A : FOUR (4) STRUCTURED QUESTIONS (100 MARKS)**

**INSTRUCTION(S)** : Answer ALL questions. Write your answers in the Answer Booklet(s) provided.

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**QUESTION 1**

- a) Explain indirect tax and provide **TWO (2)** examples. (3 marks)
- b) State **FOUR (4)** objectives of implementing tax policy. (4 marks)
- c) Explain what is meant by the “scope of income tax” with relevance to the ITA 1967. (6 marks)
- d) State **SIX (6)** functions of taxation in Malaysia (12 marks)

**[Total: 25 marks]**

## **QUESTION 2**

a) Explain **FIVE (5)** advantages for being resident for tax purposes.

(10 marks)

b) Mr. Noah provided their tax account the following details of their stay within Malaysia and abroad in the following years.

<b><i>Period of stay</i></b>	<b><i>Remarks</i></b>	<b><i>No. of days</i></b>
1.10.2015 – 31.12.2015	In Malaysia	92
1.1.2016 – 31.1.2016	In Malaysia	31
1.2.2016 – 14.2.2016	Indonesia (Visit wife)	14
15.2.2016 – 31.7.2016	In Malaysia	168
1.8.2016 – 7.8.2016	In Singapore	7
8.8.2016 – 31.12.2016	In Malaysia	145
1.1.2017 – 31.1.2017	In Malaysia	31
1.2.2017 – 31.5.2017	India (Official visit)	121
1.6.2017 – 31.7.2017	In Malaysia	61
1.8.2017 – 30.10.2017	India (Official visit)	91
31.10.2017 – 31.12.2017	In Malaysia	62
1.1.2018 – 30.4.2018	In Hong Kong (Official visit)	121
1.5.2018 – 31.5.2018	In Malaysia	92
1.8.2018 – 31.12.2018	Taiwan (Official trip)	153
1.1.2019 – 1.5.2019	In Malaysia	121

Mr. Noah left Malaysia for good on 1 May 2019 for Indonesia as he wanted to spend more time with his family.

### **Required:**

Determine the residence status of Pierre for the year 2015 to 2019 and provide appropriate reason for your answer.

(15 marks)

**[Total: 25 marks]**

### **QUESTION 3**

- a) Explain the term “child” defined in S.48(9), ITA 1967.

(3 marks)

- b) Kuba has three children. The first child, Mayes, aged 24, is physically disabled and pursuing a degree course in Britain. Paul incurs RM 14,000 on her education in 2020. The second child, Lisa, aged 22, is mentally disabled and is at nursing home. The third child, Rita, aged 19, is studying at Berjaya University and Kuba incurs RM 8,800 on her education.

**Required:**

Compute the child relief year of assessment 2020 for Kuba.

(5 marks)

- c) An individual resident in Malaysia has five children and particulars of the children at the end of the basis year 2018 are as follows:

First child	Born on 8 July 1997 and got married during the year, that is, 2018.
Second child	Born on 4 June 2020 and is being educated in a school in Australia. An amount of RM 6,000 was incurred for education and maintenance.
Third child	Born on 12 August 2002, attending school full-time in Penang, and living with parents.
Fourth child	Born on 19 October 2003, attending school full time in Penang and receives RM 3,000 per annum from the estate of her late uncle.
Fifth child	Born on 25 April 2014 and is enrolled in a kindergarten.
Sixth child	Born on 31 December 2015 but passed away on 1 September 2018.

**Required:**

Compute the child relief YA 2018 for the individual.

(7 marks)

d) Mr. Stark retired as a senior lecturer from a public university on reaching the compulsory age of retirement on 31 December 2020. He provided the following information:

- (i) Contributed RM 1,320 per month to the Employees Provident Fund. He also pays RM 4,400 for a life insurance policy.
- (ii) Married to Catelyn, a housewife and has two children studying in Malaysian public universities. He incurred over RM 8,000 in 2020 on the education of each of his children.
- (iii) Spent RM 12,000 on fees during the year in pursuing a doctorate degree in management science at a local university.
- (iv) Spent RM 1,100 towards the purchase of books for himself and his family. He was able to produce receipts for RM 700 worth of books.
- (v) Purchased tennis racquets for RM 300 during the year. Appropriate receipts were enclosed.

**Required:**

Compute the total personal reliefs that Mr. Stark is eligible for in the YA 2020.

(10 marks)

**[Total: 25 marks]**

#### **QUESTION 4**

(a) List **FOUR (4)** conditions to be eligible for capital allowance.

(4 marks)

(b) Rashid Corporation purchased an equipment on 1 July 2020 on the following hire purchase terms:

	RM
Cost of asset	320,000
Deposit paid	32,000
Sum financed	288,000
Terms of repayment	9,200 per month (for 36 months)

Rashid Corporation accounts are closed on 31 December annually. The monthly instalments commence on 1 August 2020.

	RM	RM
Deposit payment		32,000
Monthly instalments (4,600 x 36 month:		<u>331,200</u>
Total		363,200
Cost of asset (without interest portion)		<u>320,000</u>
Hire purchase interest		43,200
Monthly instalments	9,200	
Deduct: Interest per instalments (21,600/36 months)		<u>1,200</u>
Qualifying capital expenditure per month	<u>9,200</u>	

**Required:**

Compute the capital allowance due to Rashid Corporation in respect of the equipment for YA 2020 and YA 2021.

(9 marks)

- (c) Hakim Sdn Bhd was incorporated on 1 October 2016 and makes up its accounts annually to 31 December. The business of textile manufacturing commenced on 1 February 2017. The following capital expenditures were incurred during the financial year-ended 31 December 2018:

<i>Date</i>	<i>Expenditure</i>	<i>Amount (RM)</i>
	<b>Heavy machinery</b>	
05.12.2017	Deposit	400,000
01.05.2018	Full payment	1,600,000
12.01.2018	<b>Forklift</b> (Hire purchase)	
	Total cost	260,000
01.02.2018	Down payment	40,000
	Total instalments payments	
	- Principal	76,000
	- Interest portion	15,160
05.04.2018	<b>Motor vehicle</b>	
	(Secondhand Toyota Camry for staff use)	172,000
01.05.2018	<b>Computer</b>	16,000
01.11.2018	<b>Office equipment</b>	
	Deposit	20,000
	Full payment (principal)	100,000

The computer was found to be unsuitable after nine months of usage. It was disposed of for RM 8,000 on 1 December 2018. The DGIR has accepted the reason for the disposal.

**Required:**

Compute the capital allowance, balancing allowance/charge in respect of the relevant assets for YA 2018.

(12 marks)

**[Total: 25 marks]**

**-END OF QUESTION PAPER-**

**TAX SCHEDULE FOR THE YEAR 2021**

Category	Chargeable Income	Calculations (RM)	Rate %	Tax(RM)
A	0 - 5,000	On the First 5,000	0	0
B	5,001 - 20,000	On the First 5,000 Next 15,000	1	0 150
C	20,001 - 35,000	On the First 20,000 Next 15,000	3	150 450
D	35,001 - 50,000	On the First 35,000 Next 15,000	8	600 1,200
E	50,001 - 70,000	On the First 50,000 Next 20,000	13	1,800 2,600
F	70,001 - 100,000	On the First 70,000 Next 30,000	21	4,400 6,300
G	100,001 - 250,000	On the First 100,000 Next 150,000	24	10,700 36,000
H	250,001 - 400,000	On the First 250,000 Next 150,000	24.5	46,700 36,750
I	400,001 - 600,000	On the First 400,000 Next 200,000	25	83,450 50,000
J	600,001 - 1,000,000	On the First 600,000 Next 400,000	26	133,450 104,000
K	1,000,001 - 2,000,000	On the First 1,000,000 Next 1,000,000	28	237,450 280,000
L	Exceeding 2,000,000	On the First 2,000,000 Next ringgit	30	517,450 .....