



**FACULTY OF BUSINESS**

**FINAL EXAMINATION**

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Course Code & Name : **ACC3313 TAXATION 2**  
Semester & Year : MAY-AUGUST 2020  
Lecturer/Examiner : Nur Afiqah  
Duration : 3 Hours

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**INSTRUCTIONS TO CANDIDATES**

1. This question paper consists of:  
**PART A (100 marks) : FOUR (4) compulsory structure questions. Answers are to be written in the Answer Booklet provided.**
2. Candidates are not allowed to bring any unauthorised 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, with the exception of 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 = 7 (Including the cover page)**

**PART A : COMPULSORY QUESTIONS (100 MARKS)**

**INSTRUCTION (S)** : There are **FOUR (4)** questions in this section. Write your answers in the Answer Booklet(s) provided.

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**QUESTION 1**

AAA Sdn Bhd is a manufacturer of fabric goods. The paid-up share capital is RM2,000,000. For the financial year ended 30 June 2019, its profit and loss account showed the following:

	<b>Notes</b>	<b>RM</b>	<b>RM</b>
Turnover			6,500,000
Less: Cost of sales	1		4,225,000
Gross Profit			<u>2,275,000</u>
<b>Add: Other income</b>			
Dividend (net)	2	250,000	
Interest	3	65,000	
Rental		92,000	
Profit on sale of fixed assets		45,000	
		<u>452,000</u>	
			<u>2,727,000</u>
<b>Less: Operating expenses</b>			
Lease rentals	4	48,000	
Marketing & selling	5	48,000	
Staff remuneration	6	720,000	
Directors' remuneration	7	170,000	
Professional fees & subscriptions	8	175,000	
Intangible assets written off	9	15,000	
Provision for bad debts	10	109,000	
Repairs & maintenance	11	88,000	
Entertainment	12	52,000	
		<u>1,425,000</u>	
Net profit before taxation			<u>1,302,000</u>

**Notes:**

**1. Cost of sales**

Included in the cost of sales figure were the following:	<b>RM</b>
- Depreciation of plant & machinery	75,000
- Provision for warranty (Refer *)	48,500
- Compensation received from a supplier for damaged goods	(110,000)
- Marine insurance for the import of raw materials paid to Malaysian incorporated insurance companies	28,000

\* Note that warranty payments made during the year were RM44,500.

**2. Dividend**

The following dividend income were derived from investment in stock and shares of Malaysian resident companies:

	<b>RM</b>
MAS Bhd	65,000
MRCB	185,000

**3. Interest**

RM25,000 was derived from deposits placed in banks in Singapore while the remainder was derived from deposits placed with local banks.

**4. Lease rentals**

Also included in the expenses were lease rentals in respect of a car that was leased at a monthly rate of RM4,000 since January 2018. The cost of the car was RM160,000.

**5. Marketing & selling**

The company paid RM28,000 as an incentive to its distributors for meeting sales targets. In addition, the company incurred an expenditure of RM20,000 for holding a family day for its employees. A few important clients were also invited.

**6. Staff remuneration**

During the year, a disabled individual was employed as a telephone operator at a monthly salary of RM800.

## 7. Directors' remuneration

The above include:	RM
Fees and salaries	82,000
Medical expenses	5,000

The managing director was provided with a leave passage benefit valued at RM16,000. Entrance and annual fees of RM18,000 and RM2,000 respectively were disbursed during the year in respect of a golf club membership for the managing director.

## 8. Professional fees and subscriptions

The above comprise:	RM
Accounting fee	43,000
Secretarial fee	7,000
Feasibility study for a new project	15,000
Annual subscription to a trade association	25,000
Cash donation to two approved institutions:	
- La Salle Secondary School	20,000
- Sekolah Sri Mengasih	65,000

9. **Intangible asset written off** - This was in respect of goodwill.

## 10. Provision for bad debts

An amount of RM92,000 was written off as bad debts, of which RM18,000 was in respect of a loan made to a former employee.

The net increase in specific provision for doubtful debts (trade-related) for the year was RM20,000. During the year, RM15,000 was recovered from trade debts written off previously.

A general provision for doubtful debt for the year amounted to RM12,000.

## 11. Repairs & maintenance

Included in the above were:	RM
New display shelves	5,000
Rewiring	6,000
Depreciation	45,000
Repairs of shop houses (rented out)	15,000

**12. Entertainment**

The expenses were incurred in entertaining clients except for RM20,000 which was incurred for an annual dinner for the employees.

**Additional information**

The current year and balance brought forward capital allowances for the company's fixed assets amounted to RM95,000 and RM50,000 respectively. The company's balancing charge for the year was RM45,000.

**Required:**

Compute the tax payable of the company for the year of assessment 2019. Indicate with 'NIL' where no adjustment is required. **(Total: 40 marks)**

**QUESTION 2**

MN Sdn Bhd was incorporated on 1 July 2018. Its accounts are made up to 30 June annually. On August 2019 the company entered into agreement to purchase a piece of industrial land in Batu Gajah, Perak costing RM2 million and constructed the following structures thereon during the financial year ended 30 June 2019.

- a. A factory-cum-office block at a cost of RM4,500,000 with total built-up area of 150,000 sq. ft of which the administration/sales office occupy 22,500 sq. ft.
- b. A warehouse for the storage of raw material and finished good and a workshop at a cost of RM200,000.
- c. A three-storey employees quarters at a cost of RM900,000 was constructed adjacent to the current factory building. The three-storey employees quarters are used as living accommodation for the company's employees under Paragraph 42A(2) Schedule 3 of Income Tax Act 1967.

The ground floor has been used as employees' quarters for the following:

- i. Surau (prayer's room) 50%
- ii. Child Care Centre 50%

In addition, the company incurred RM310,000 on site preparation of the installation of plant and machinery which cost RM90,000.

**Required:**

Calculate the relevant industrial building allowances/charges for the year of assessment 2019.

**(Total:20 marks)**

**Question 3**

- a. Sun Sdn Bhd was incorporated in Malaysia and manufactures apparel and textile in Nilai 3, Negeri Sembilan. The transactions took place in February 2019.

<b>Transactions</b>	<b>RM</b>
Cost of textile manufacturing equipment	800,000
Consultancy services relating to textile manufacturing in Malaysia performed by a German company, Duckham Ltd	50,000
Royalties paid to Mumbai company for the use of the copyright design	45,000
Interest paid on a term loan from its parent company in New Delhi	24,000

**Required:**

- i. Explain with reasons whether the above payments made by Sun Sdn Bhd are subjected to withholding tax in Malaysia.
- ii. Compute the amount of withholding tax (if any) to be remitted to the tax authority by Sun Sdn Bhd.
- iii. Calculate the tax penalty (if any), if the payment of withholding tax in the month of April 2019.

**(15 marks)**

**Question 3**

- b. Jofi Sdn Bhd is a manufacturing company located at Klang, Selangor. The company incurred the following expenditure in producing finished goods. All the finished goods were sold in cash to Zam Bhd on 1 June 2018.

	<b>RM</b>
Cost of raw materials	212,000
Cost of direct labour	30,000
Direct expenses	10,000

Overhead cost 51,500

\*The profit mark-up for the sales is 20%.

**Required:**

Calculate the Goods and Services Tax (GST).

(5 marks)

**(Total: 20 marks)**

**Question 4**

Ali acquired a land at cost RM100,000 on 1 March 2016. He paid the following cost in the purchased of the land:

- 1) Stamp duty RM6,000.
- 2) Legal fee RM3,000.

During 2018, he tried to sell the land and forfeited a deposit of RM10,000 from a potential buyer who called off the deal. Ali successfully disposed the land at RM600,000 on 1 June 2019. He incurred advertising cost in disposing the asset at RM4,000 and paid an agent fee for RM12,000.

**Required:**

Determine the net chargeable gain (if any) on the disposal of the land and compute the real property gain tax payable (if any) on the disposal of the land.

**(Total:20 marks)**

**END OF QUESTION PAPER**