



FINAL EXAMINATION

COURSE : PERSONAL TAXATION

COURSE CODE : PTX1033

DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **FOUR (4)** questions.
2. Answer ALL questions in the Answer Booklet.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
 - iii. Appendices –
 - 1) Appendix 1: Tax Rates of Chargeable Income
 - 2) Appendix 2: Real Property Gain Tax Rates
 - 3) Appendix 3: Reliefs
4. Do not bring any material into the examination hall unless permission is given by the invigilator.
5. Please write your answer using a ball-point pen.

MYKAD 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

MAR2024/B/PTX1033

1. (20 points)

- a. Explain the treatment of the disposal of a chargeable asset by way of a gift under the RPGT Act 1976. (5 points)
- b. On 21 September 2019, Khairul Amin acquired his second residential property, an apartment for RM540,000, incurring a stamp duty of RM10,000.

Khairul Amin then renovated the apartment, costing him RM70,000. Following a dispute with the seller of the apartment, he incurred legal fees of RM14,000 to defend his legal title to the apartment.

In September 2022, Khairul Amin received an offer to sell the apartment to Khairy, who paid him a deposit of RM3,000. However, due to a lack of loan facility, Khairy decided not to pursue the acquisition, and the deposit was forfeited.

On 5 July 2023, Khairul Amin signed a sale and purchase agreement to dispose of the apartment to Dedaun Biru Sdn Bhd for RM720,000. The valuation fee and brokerage fee for the sale were RM15,000 and RM20,000 respectively.

Required:

Compute the real property gains tax (RPGT) arising from the disposal of the property by Khairul Amin to Dedaun Biru Sdn Bhd. (15 points)

2. (25 points)

- a. Indicate whether or not the expenses incurred below are entitled to double deduction.
- i. Incurred RM5,000 to obtain halal certificate from JAKIM (1 point)
 - ii. Allocate RM2,000 for annual child care allowance for employees. (1 point)
 - iii. Souvenir for staff on business' annual dinner. (1 point)
 - iv. Paid RM1,500 expenses incurred to join Kuala Lumpur International Trade Fair organized by MITI. (1 point)
 - v. Paid RM500 for stand used in advertising business' new products. (1 point)
- b. Encik Ramli is a producer and owns a business name TakeTwo Production. The following is the Statement of Comprehensive Income for the year ended 31 December 2023 for the business.

TakeTwo Production			
Statement of Comprehensive Income for the year ended 31 December 2023			
	Note	RM	RM
Sales			786,000
Add: Other Income			
Dividend			13,000
Interest			4,000
			803,000
Less: Operating Expenses			
Remuneration & EPF	1	139,668	
Entertainment	2	18,900	
Tax and penalty	3	1,960	
Fees and donation	4	39,900	
Office rental	5	30,000	
Repair and maintenance	6	19,500	
Water and electricity	7	8,600	
Bad debts	8	14,700	
Depreciation		20,000	(293,228)
Profit before tax			509,772

Notes:

1. Remuneration & EPF:

	Salary	EPF
Encik Ramli	RM60,000	RM7,800
Alias	RM30,000	RM3,900
Budi	RM24,000	RM3,120
Danial - disable employee	RM9,600	RM1,248

2. **Entertainment:**

Refreshment for potential clients	RM 3,000
Annual dinner for staff	RM10,000
3. **Tax and penalty:**

Income tax of Encik Ramli	RM1,400
Traffic summons	RM360
4. **Fees and donations:**

Cash donation to Baitul Iman	RM20,000
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5. The business operates in a rented 3-storey shop building. Encik Ramli occupied the top floor.
6. **Repair and maintenance:**

Repairs of business sound system machine	RM3,500
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7. Half of the water and electricity bills were for Encik Ramli's usage.
8. **Bad debts:**

General provision	RM 5,500
Specific provision	RM 4,300
9. Current year capital allowances amounted to RM14,000.

Required:

Compute the statutory business income for Encik Ramli for the year of assessment 2023. (Show all workings and indicate 'nil' or '-' in the appropriate column for any item/s that does not require any adjustment). (20 points)

3. (25 points)

Trendy Boutique is a partnership business between Ezra, Erry, and Wawa, who share profits and losses at a ratio of 2:1:1. They have been partners since 2017. The accounting year ended on 31st December each year. The income statement for the year ended 31 December 2023 is as follows:

		RM
Sales		320,000
Add: Rental		54,000
Profit from sales of business assets		17,800
		<hr/> 391,800
Less: Expenses	Notes 1	(267,000)
Net Income		<hr/> 124,800 <hr/>

Notes 1:

- 1) Depreciation amounted to RM24,600 is provided on the fixed assets used in the business.
- 2) Each partner contributed RM56,000 as their capital. Interest is payable 5% per annum based on the amount of capital contributed.
- 3) Salary amounted to RM80,000 where Ezra is entitled to get a monthly salary of RM3,000 while Erry RM2,500 and Wawa RM2,000.
- 4) A traveling allowance of RM2,000 per annum is provided for each partner.

Additional Information:

1. On 31 July 2023, due to personal matters, Wawa decided to withdraw from the partnership. Following that, Ezra agreed to increase her capital to RM100,000 and to share equal profit with Erry.
2. The capital allowance available to the business for the year of assessment 2023 amounts to RM14,000.

Required:

Compute the statutory income for each partner for the year of assessment 2023. **(Show all calculations).**

4. (30 points)

Encik Azmi and his wife Puan Amiza live in Shah Alam. Encik Azmi is a private-sector servant while Puan Amiza is a business owner. They were resident in Malaysia for the basis year 2023. Below are the details of their income for the year:

Encik Azmi

Employment Income:

Salary	RM5,970 per month (net after EPF at 11%)
Bonus	Equal to two months' salary

Dividend Income:

Resident company	RM 2,400
Maybank Berhad	RM 1,700

Interest Income:

Bank Rakyat	RM 1,100
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Royalty Income:

- Encik Azmi is the author of several consultation and motivation books. He received RM 60,000 from his book.
- He also received RM23,500 in translation fees for the translation of literary work as requested by the Ministry of Education.

Puan Amiza

Business Income:

	RM
Gross business income	212,000
Balancing charge	4,700
Capital allowance	12,600

Rental income:

House in Taiping, Perak

	RM
<u>Receipts</u>	
Rental for January 2023 – June 2023	10,800
Rental for July 2023 – December 2023	10,800
Rental for January 2024 – March 2024	5,400
Deposit for utilities (refundable)	1,100
<u>Expenditure incurred in 2023 (per annum)</u>	
Assessment	1,500
Repainting	1,900
Interest on loan to finance the house	2,300
Installation of air-conditioner	1,400
Fire insurance premium	1,600

Additional information:

	Azmi (RM)	Amiza (RM)
Premium paid on insurance policies.		
- Personal life	3,300	2,500
- Medical and education (children)	3,500	2,200
Contributions to the Employee's Provident Fund	3,800	-
Cash donation to an approved institution	38,000	50,000
Purchase of books and journals	1,200	1000
Parents medical expenses	1,400	9,600
Personal computer	-	4,000
Wheelchair for Athirah	-	5,100
Sport equipment	900	-
Zakat	3,000	10,000

This couple was blessed with four children:

- Alif, 24 years old, is studying at the University of Ireland.
- Dini, 22 years old, married and studying at Universiti Kebangsaan Malaysia.
- Athirah, 15 years old, disabled, studying at SMK Seksyen 14 Shah Alam.
- Danish, 11 years old, disabled, studying at Sekolah Pendidikan Khas Shah Alam.

They agreed that Puan Amiza would claim child relief.

Required:

Compute the income tax payable by Encik Azmi and Puan Amiza for the year of assessment 2023, assuming they **did not** elect for a joint assessment.

Indicate "NIL" or "-" in the appropriate column for any items that do not require any adjustment.

END OF QUESTION PAPER