

**FINAL EXAMINATION****COURSE : BUSINESS TAXATION****COURSE CODE : PTX2053****DURATION : 3 HOURS****INSTRUCTIONS TO CANDIDATES:**

1. This question paper consists of **FOUR (4)** 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. Answer Booklet
  - iii. Appendix 1- Company Tax Rates
    - Capital Allowance Rates
    - Agriculture Allowance Rates
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 : \_\_\_\_\_**

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**DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO**

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*The question paper consists of 6 printed pages.*

**2024/C/PTX2053**

MAR2024/C/PTX2053

**1. (10 points)**

DJust Sdn. Bhd. prepares its account to 31 March. In April 2018, the company decided to change its accounting date to 31 October.

DJust Sdn. Bhd. once again changed its accounting year which ends to 31 July due to the amalgamation scheme in year 2022. The new accounting period was made from 1 November 2020 to 31 July 2022 and after that annually to 31 July. The accounting period and its adjusted income/loss for the relevant years are as follows:

<b>Accounting period</b>	<b>Adjusted income/loss (RM)</b>
Year ended 31 March 2016	34,000
1 April 2016 – 31 March 2017	54,000
1 April 2017 – 31 March 2018	(23,000)
1 April 2018 – 31 October 2018	20,500
1 November 2018 – 31 October 2019	35,870
1 November 2019 – 31 October 2020	(15,500)
1 November 2020 – 31 July 2022	48,000
1 August 2022 – 31 July 2023	41,500

**Required:**

Determine the basis period and adjusted income/loss for all the relevant years up to the year of assessment 2023. (10 points)

**2. (20 points)**

- a. Determine the qualifying expenditure for the following assets:
- i. A second-hand car costing RM65,000. (1 point)
  - ii. A car registered under non-commercial vehicle costing RM165,000. (1 point)
  - iii. A lorry costing RM210,000. (1 point)
  - iv. A personal laptop was brought into business use. The net book value was RM2,900 while the market value was RM3,200. (1 point)
  - v. Proton X70 used by the manager costing RM85,000. (1 point)
- b. WMW Berhad was incorporated on 1 February 2019 and makes up its accounts annually to December 31. Below is the information on its non-current assets used for the business:

<b>Non-current assets</b>	<b>Cost</b>	<b>Date of purchase</b>
Motor vehicle (non-commercial vehicle)	RM180,000	1 February 2021
Machine A	RM30,000	1 March 2020
Machine B	RM65,000	16 March 2020

**Additional information:****Machine A**

On 31 October 2020, the machine was brought into a business in Malaysia from branch in Singapore. On the day it was transferred, the net book value was RM19,000 while market value was RM22,000. It was traded-in on 30 April 2023 with a new machine costing RM52,000 and the trade-in value was RM10,000.

**Machine B**

The cost of preparing the site to install the machine was RM15,000. On 1 January 2023 the machine was traded in with another machine. The cost of trade in value for the old machine was RM25,000.

**Required:**

Compute capital allowances and balancing charges / allowances (if any) for WMW Berhad for all the relevant years up to the year of assessment 2023. (15 points)

**3. (15 points)**

Mempoon Bhd is a plantation company that was incorporated on 1 January 2018 and commenced its business on 1 June 2018. The company prepares its accounts to 31 March annually. The following expenses have been incurred:

<b>Date</b>	<b>Expenditure</b>	<b>Amount (RM)</b>
31.04.2018	Cost of land	4,500,200
31.08.2018	Clearing of land	540,000
31.01.2019	Construction of administrative office building	46,000
28.02.2020	Planting; seedling and fertilizing	350,000
01.04.2021	Construction of hostel for employees	250,000
31.01.2022	Construction of surau and canteen for employees	190,000

On 1 March 2023 the company sold their farm to Sabaq Palm Sdn Bhd for RM7,500,500. The annual accounting year end for Sabaq Palm Sdn Bhd is on 31 June.

**Required:**

- Briefly explain the election to spread agriculture charge under Paragraph 27 of Schedule 3, Income Tax Act 1967. (3 points)
- Explain TWO (2) criteria that must be fulfilled in order to claim agriculture allowance. (2 points)
- Compute the agriculture allowance/agriculture charge (if any) for Mempoon Sdn Bhd for all the relevant years up to the year of assessment 2023. Assume that the company did not elect for Paragraph 27 of Schedule 3, Income Tax Act 1967. (10 points)

4. (25 points)

ASD Sdn Bhd deals with retailing electronic products. The paid-up capital is RM2,000,000. Below is the Statement of Comprehensive Income of ASD Sdn Bhd for the year ended 31 December 2023.

	Notes	RM	RM
Sales			642,000
Less: Cost of goods sold	1		<u>(230,000)</u>
Gross Profit			412,000
<b>Add: Other Income</b>			
Rental of building in Indonesia		23,860	
Dividend income	2	<u>13,250</u>	37,110
<b>Less: Expenses</b>			
Staff remuneration	3	120,300	
Rental expense	4	15,000	
Entertainment	5	4,560	
Advertisement	6	8,700	
Repair and renovation	7	4,450	
Depreciation		7,200	
Provision for bad debt	8	4,100	
Compensation	9	8,450	
Lease rental	10	<u>30,000</u>	<u>(202,760)</u>
<b>Net profit before tax</b>			<b>246,350</b>

Notes:

1. Include in the cost of sales are

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|--|----------|
| a. Compensation paid to customer for failure to perform a trading contract | RM12,500 |
| b. Provision for obsolete stock  | RM9,400  |
| c. Obsolete stock written off  | RM8,700  |

2. Dividend comprise:

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|---|---------|
| Dividend from Brunei (remitted)                 | RM5,300 |
| Dividend received from a pioneer status company | RM7,950 |

3. Staff remuneration comprise:

- |  |          |
|--|----------|
| Salaries   | RM96,300 |
| Annual leave passage to Krabi, Thailand for director | RM24,000 |

4. Half of the building space was used for private purposes.

5. Entertainment expense

Entertaining current client	RM2,600
Entertainment for potential client	RM1,960

6. Advertisement

Promotional gift without company's logo	RM3,700
Promotional sample of company's product	RM5,000

7. Repair and maintenance

Repair on the building rented out in Indonesia	RM1,500
Maintenance of childcare center	RM2,950

8. Provision for bad debts comprise:

Specific provision	2,100
General provision	2,000

9. Paid compensation to customer due to the goods being damaged during the delivery process.

10. A car was leased at a monthly rate of RM2,500 since January 2022. The cost of the car was RM160,000.

11. The current year capital allowances amounted to RM6,500.

**Required:**

Compute ASD Sdn Bhd tax liability for the year assessment 2023. *Every item in the notes to the account must be shown in your computation. Write "NIL" where no adjustment is required. (Please round up your figure).*

**END OF QUESTION PAPER**