

**FINAL EXAMINATION**

COURSE	:	ISLAMIC FINANCIAL PLANNING
COURSE CODE	:	PIF2023
DURATION	:	02 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** parts : PART A (20 questions)
: PART B (20 questions)
: PART C (02 questions)
2. Answer ALL questions from PART A, PART B and PART C.
 - i. Answer PART A, PART B and PART C 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
 - iii. An Objective Answer Sheet
 - iv. A True or False Answer Sheet
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 09 printed pages

OCT 2024/B/PIF2023

PART A: TRUE/FALSE

1. **(1 point)**
Shariah-compliant investments must avoid all forms of uncertainty or speculation.
2. **(1 point)**
Risk has an inverse relationship with return.
3. **(1 point)**
Risk can be reduced through diversification.
4. **(1 point)**
Legal risk is associated with loss resulting from systems, people and process defaults.
5. **(1 point)**
A risky investment would usually have a lower standard deviation.
6. **(1 point)**
In modern portfolio theory, all selected investments are combined in a way to reduce the risk in the market.
7. **(1 point)**
Shares represent the basic unit of ownership in a company.
8. **(1 point)**
Investment in shares is not permissible in Islam.
9. **(1 point)**
Unit trust allows investors to take advantage of investing in a diversified group of shares.
10. **(1 point)**
The manager of an exchange-traded fund is responsible for managing and administering the fund.
11. **(1 point)**
In derivatives, options provide the buyer the obligation to purchase or sell an asset within a specific period.
12. **(1 point)**
Musyarakah Sukuk is ideal for financing small-scale personal projects.
13. **(1 point)**
Shariah-compliant unit trust can only invest in Shariah-approved investments.
14. **(1 point)**
The shareholder has a risk of loss of the entire investment.

15. **(1 point)**
Derivatives consist of futures only are mostly traded over the counter.
16. **(1 point)**
Shariah-compliant Exchange-Traded Funds (ETFs) can be traded at any time during market hours.
17. **(1 point)**
The Inland Revenue Board of Malaysia (IRBM) officially became a board on 1 March 1997.
18. **(1 point)**
Service tax is imposed on certain goods and services provided in certain prescribed establishments.
19. **(1 point)**
Manufacturers will only have to pay sales tax on their finished products.
20. **(1 point)**
The individual resident with chargeable income of less than RM2500 is not taxed.

PART B: MULTIPLE CHOICE

1. **(1 point)**
Which of the followings is associated with the risk of losing money if the company doesn't pay back their debt?
 - A. Market risk
 - B. Credit risk
 - C. Liquidity risk
 - D. Operational risk

2. **(1 point)**
Which of the followings is the definition of diversification?
 - A. Investing in different types of financial instruments.
 - B. Putting all your money into one investment.
 - C. Trading frequently to manage risk.
 - D. Choosing investments from the same industry.

3. **(1 point)**
What type of risk below involves the potential loss due to the inability to sell an investment quickly without affecting its price?
 - A. Market risk
 - B. Operational risk
 - C. Liquidity risk
 - D. Legal risk

4. **(1 point)**
Which of the following contracts are involved in receivable and lease of credit risk?
 - i. Ijarah
 - ii. Murabahah
 - iii. Mudharabah
 - iv. Diminishing Musharakah
 - A. i,ii,and iii
 - B. i,ii and iv
 - C. i,iii and iv
 - D. ii,iii and iv

5. (1 point)

Which of the following are the benefits of risk diversification?

- i. Protect against losses
- ii. Make investing more fun
- iii. Creates better opportunities
- iv. To increase the risk-adjusted returns of a portfolio

- A. i,ii, and iii
- B. i,ii and iv
- C. ii,iii and iv
- D. i,ii,iii and iv

6. (1 point)

Which of the following are used by an investor to measure their return?

- i. Annualized return
- ii. Holding period return
- iii. External rate of risk
- iv. Risk premium of return

- A. i,and ii
- B. i,and iii
- C. ii,and iii
- D. iii,and iv

7. (1 point)

Which type of investment has ownership in a company?

- A. Bond
- B. Share
- C. Sukuk
- D. Real Estate Investment Trust

8. (1 point)

Which type of Sukuk has the right to own the real estate?

- A. Musyarakah Sukuk
- B. Mudharabah Sukuk
- C. Ijarah Sukuk
- D. Murabahah Sukuk

9. **(1 point)**
Which financial instrument pools money to invest in diversified assets?
- A. Sukuk
 - B. Unit Trust
 - C. Real Estate Investment Trust
 - D. Equity Traded Funds
10. **(1 point)**
Why is it important to appoint a Shariah advisor for a Shariah-compliant unit trust?
- A. To minimize risk.
 - B. To attract more foreign investors.
 - C. To maximize profits and attract more customers.
 - D. To ensure compliance with Shariah principles.
11. **(1 point)**
What is the main characteristic of Exchange-Traded Funds (ETFs)?
- A. It consists of options and warrants.
 - B. It traded on stock exchanges.
 - C. It is managed by the financial institution.
 - D. It only traded over the counter.
12. **(1 point)**
Which financial instrument's value is derived from an underlying asset?
- A. Bond
 - B. Shares
 - C. Unit trust
 - D. Derivatives
13. **(1 point)**
Which characteristic below best describes the structure of Musyarakah Sukuk?
- A. Equity-based Financing
 - B. Debt-based Financing
 - C. Asset-backed Financing
 - D. Rent-based Financing

14. (1 point)

What is the definition of business income?

- A. Total revenue generated by employment.
- B. Total revenue generated by the disposal of assets.
- C. Total expenses generated by a business.
- D. Total revenue generated by a business.

15. (1 point)

Which of the followings is **NOT** the form used to submit your tax return?

- A. Form BE
- B. Form M
- C. Form B
- D. Form C

16. (1 point)

How does the tax residency status of an individual be determined in Malaysia?

- A. By the individual's nationality.
- B. By the number of days spent in Malaysia during the tax year.
- C. By the individual's employment status in Malaysia.
- D. By the individual's marital status.

17. (1 point)

What is the primary purpose of Islamic estate planning?

- A. To avoid paying taxes.
- B. To distribute wealth after death.
- C. To protect against inflation.
- D. To increase investment return.

18. (1 point)

Which jurisdiction handles income tax matters in Malaysia?

- A. Ministry of Finance
- B. Bank Negara Malaysia
- C. Inland Revenue Board of Malaysia
- D. Securities of Commission of Malaysia

19. **(1 point)**

What does "Wasiyyah" refer to in Islamic estate planning?

- A. A gift given during life.
- B. A will executed upon death.
- C. A contract of sale and purchase.
- D. A legal loan agreement

20. **(1 point)**

Which type of waqf is intended for public welfare?

- A. Waqf Khass
- B. Waqf Am
- C. Waqf Wasi
- D. Waqf Adil

PART C: STRUCTURED

1. (10 points)

- a. In year 2022, the income derived from outside Malaysia and received in Malaysia by tax residents will be subjected to tax. Classify **THREE (3)** types of employment income. (6 points)
- b. The efficiency and productivity of the tax administrative system determine the amount of tax collected for the particular year of assessment. Discuss **FOUR (4)** types of tax administration in Malaysia. (4 points)

2. (10 points)

It is crucial for Islamic estate planning to ensure that Muslim properties and assets are distributed in accordance to Shariah law. This involves the use of various instruments such as *wasiat* (wills) and *hibah* (gifts), while also considering *faraid* (inheritance) laws. Estate planning is essential to ensure that wealth is managed and passed on in a manner that aligns with Islamic principles.

- a. Explain **THREE (3)** categories of persons that should have estate planning. (6 points)
- b. Explain **TWO (2)** instruments of estate planning. (4 points)

END OF QUESTION PAPER