

FOUNDATIONS IN ACCOUNTANCY

Foundations in Taxation (Singapore)

Pilot Paper

Time allowed:

Writing: 2 hours

This paper is divided into two sections:

Section A – ALL TEN questions are compulsory and **MUST** be attempted

Section B – ALL NINE questions are compulsory and **MUST** be attempted

Tax rates and allowances are on pages 2–4

Do NOT open this paper until instructed by the supervisor.

This question paper must not be removed from the examination hall.

The Association of Chartered Certified Accountants

Paper FTX(SGP)

The ACCA logo, consisting of the letters 'ACCA' in a bold, white, sans-serif font, centered within a solid black square.

SUPPLEMENTARY INSTRUCTIONS

- 1 Calculations and workings need only be made to the nearest \$.
- 2 All apportionments should be made to the nearest month.
- 3 All workings should be shown.

TAX RATES AND ALLOWANCES

The following tax rates and allowances should be used when answering the questions.

Selected reliefs/rebates for the year of assessment 2011

Earned income relief

Age	Normal	Handicapped
Below 55	\$1,000	\$2,000
55 to 59	\$3,000	\$5,000
60 and above	\$4,000	\$6,000

Spouse relief		\$2,000
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Handicapped dependant spouse relief		\$3,500
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Parents/Handicapped parents relief	Normal	Handicapped
Parent NOT staying with taxpayer	\$4,500	\$8,000
Parent staying with taxpayer	\$7,000	\$11,000

Grandparent caregiver relief (GCR)		\$3,000
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Dependant handicapped sibling relief		\$3,500
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Foreign maid levy

The relief is two times the amount of foreign maid levy paid in 2010 up to a maximum of \$6,360.

Nsman relief

	Key command staff appointment holder	Non-key command staff appointment holder
Active Nsman	\$5,000	\$3,000
Non-active Nsman	\$3,500	\$1,500
For wife of operationally ready Nsman	\$750	\$750
For each parent of operationally ready Nsman	\$750	\$750

Provident fund

Compulsory contributions to the Central Provident Fund (CPF)/approved pension or provident fund by Singaporeans and Singapore permanent resident employees, subject to not more than the statutory contributions under the Central Provident Fund Act.

CPF top-up scheme

Actual top-ups by individuals themselves and his/her employer capped at \$7,000; and actual top-ups by individuals for family members capped at \$7,000.

Voluntary CPF contributions made by self-employed persons

35% of section 10(1)(a) assessable trade income capped at \$26,775.

Life insurance

Premiums paid on own life and wife's life insurance policies

Restricted to – (1) 7% of capital sum insured

(2) \$5,000 if CPF contributions claimed is less than \$5,000

(3) No claim if CPF contributions claimed exceeds \$5,000.

Supplementary retirement scheme (SRS)

The relief for contributions to the SRS can be claimed subject to a cap of \$11,475 for Singapore citizens and Singapore permanent residents. The cap for foreigners is \$26,775.

Child relief**Qualifying child relief (QCR)**

Per child \$4,000

Relief given for all qualifying children.

Handicapped child relief (HCR)

Per handicapped child \$5,500

Working mother's child relief (WMCR)

1st child 15% of mother's earned income

2nd child 20% of mother's earned income

3rd and each subsequent child 25% of mother's earned income

Maximum per child (total of
WMCR+QCR/HCR)

\$50,000

Maximum total WMCR is capped at 100% of the mother's earned income.

Course fees

Relief for course fees up to \$5,500 can be claimed for eligible fees incurred on courses studied or seminars and conferences attended.

Parenthood tax rebate (PTR)

1st child \$5,000

2nd child \$10,000

3rd and each subsequent child \$20,000

Rebate given to all Singaporean children that are born or legally adopted on or after 1 January 2008.

Personal income tax rates – Part A

	Chargeable income	Tax rate	Tax
	\$	%	\$
On the first	20,000	0	0
On the next	10,000	3.5	350
On the first	30,000		350
On the next	10,000	5.5	550
On the first	40,000		900
On the next	40,000	8.5	3,400
On the first	80,000		4,300
On the next	80,000	14.0	11,200
On the first	160,000		15,500
On the next	160,000	17.0	27,200
On the first	320,000		42,700
Above	320,000	20.0	

Corporate tax rates

Year of assessment	Rate
2011	17%

Partial tax exemption

Up to the first \$10,000 of chargeable income:	75% exemption
On the next \$290,000 of chargeable income:	50% exemption

Full tax exemption for new start-up companies

Up to the first \$100,000 of chargeable income:	100% exemption
On the next \$200,000 of chargeable income	50% exemption

Goods and services tax

Standard rate	7%
Registration threshold	\$1 million

Section A – ALL TEN questions are compulsory and MUST be attempted

Please use the space provided on the inside cover of the Candidate Answer Booklet to indicate your chosen answer to each multiple choice question.

1 By which date should Form C be submitted to the Comptroller of Income Tax?

- A** 30 November of the tax year
- B** 31 October of the tax year

(1 mark)

2 Tina Ong received the following investment income during the year 2010:

Interest income from fixed deposits at OCBC Bank (an approved bank)	\$5,000
Interest from a loan to a Singapore company, ABC Pte Ltd	\$12,000
Interest from a loan to Mr AA Tan, a resident in Singapore	\$1,000

What is the amount of Tina Ong's interest income that is assessable to tax for the year of assessment 2011?

- A** \$18,000
- B** \$12,000
- C** \$13,000
- D** \$1,000

(2 marks)

3 CMT Pte Ltd is a goods and services tax (GST) registered trader.

By which date should the GST payable for the quarter ended 30 September 2010 be paid?

- A** 15 October 2010
- B** 31 October 2010

(1 mark)

4 SGP Pte Ltd received a notice of additional assessment for the year of assessment 2010, with additional tax payable of \$10,000. The notice of additional assessment was issued on 3 May 2011.

Assuming the company wishes to object to the notice of additional assessment, by which date should the notice of objection be lodged to the Comptroller of Income Tax?

- A** 2 June 2011
- B** 2 July 2011

(1 mark)

5 CNA Pte Ltd, a company incorporated in Singapore has been carrying on the business of processing pipes since 1998. The company's financial year-end is 31 December.

The following expenditure was incurred during the Year of Assessment 2011:

	\$
Automated equipment	60,000
Rental of external training premises to conduct in-house training for staff	20,000

What is the amount of enhanced allowance and deduction claimable by CNA Pte Ltd under the Productivity and Innovation Credit Scheme (PIC) for the year of assessment 2011?

- A** \$260,000
- B** \$240,000
- C** \$80,000
- D** \$320,000

(3 marks)

- 6 Tom and Harry are partners of THY Management Consultancy Services. Their basis of sharing profits is as follows:

Tom 50%
Harry 50%

The following has been computed for the partnership for the financial year ended 31 December 2010:

Divisible profits	\$454,000
Salary paid to Tom	\$48,000
Capital allowances	\$12,000

What is the amount of the partnership income that is assessable to tax for Tom for the year of assessment 2011?

- A \$227,000
- B \$269,000
- C \$275,000
- D \$221,000

(3 marks)

- 7 Ms Peggy Tan, an accountant is employed by a Singapore company as its finance manager. During the year 2010, she attended the following courses/seminars:

Institute of Certified Public Accountants of Singapore – seminars on Financial Reporting Standards \$300

IT course on Microsoft office skills \$2,000

Her assessable income for the year of assessment 2011 is \$70,000.

What is the amount of course fees relief Peggy Tan can claim for the year of assessment 2011?

- A \$2,300
- B \$3,500
- C \$300
- D \$750

(2 marks)

- 8 Vanda Pte Ltd had recruited three foreign employees from Malaysia, who commence employment on 1 April 2010.

By which date should Vanda Pte Ltd notify the Comptroller of Income Tax about the commencement of employment of the new foreign employees?

- A 15 April 2010
- B 30 June 2010

(1 mark)

- 9 CA Tan owns properties A and B, which he rents out. For the year 2010 his rental income and expenses are as follows:

	Property A	Property B
	\$	\$
Rent received	33,600	36,000
Expenses:		
Annual property tax	3,360	3,600
Annual maintenance contributions	3,800	5,400
Annual loan interest	12,000	28,000

What is the amount of net rental income assessable to tax on CA Tan for the year of assessment 2011?

- A \$13,440
- B \$14,440
- C \$20,400
- D \$53,440

(3 marks)

- 10** LGI Pte Ltd is a company incorporated in Singapore.
During the year 2010 the company incurred and paid the following donations:

	\$
Outright donations in cash to:	
– Singapore Red Cross Society re: China earthquake	3,000
– Handicaps Welfare Association	1,000
Christmas gifts for the patients at Assisi Hospice	500

All the above are approved institutions of a public character.

What is the total amount of donations that qualify for tax deduction for the year of assessment 2011?

- A** \$4,000
- B** \$4,500
- C** \$1,500
- D** \$1,000

(3 marks)

Section B – ALL NINE questions are compulsory and MUST be attempted

- 1** Martin Yeung, an Australian born in 1970, has been recruited by a Singapore company as its Information Systems Manager. He was issued with an employment pass for a two year period, starting from 1 June 2010.

Mr Yeung and his family arrived in Singapore on 28 May 2010. His wife, Mrs. Lisa Yeung is a home-maker and did not derive any income in 2010. Their children Anna and Benny, who are below 12 years old are attending schools in Singapore.

For the period 1 June 2010 to 31 December 2010 Mr. Yeung derived the following income in Singapore:

	\$
Salary	32,500
Bonus	6,000
Incentive allowance	5,000
Reimbursement of expenses for his trip to Singapore in May 2010 to attend an interview at the company	800
Benefits-in-kind provided to Mr Yeung during the period 1 June 2010 to 31 December 2010 as indicated on the 2011 Form IR8A were:	
House rental paid by employer for the unfurnished apartment provided to him and his family	12,500
Air passage costs paid by the company for him and his family to return to Australia during his leave in December 2010	3,000

Required:

Compute the minimum tax liabilities for Martin Yeung for the year of assessment 2011. (15 marks)

- 2** KIN KAN Trading Pte Ltd is an exempt private company, which has been incorporated in Singapore since March 2002. The principal activity of the company is that of general retail trading and related services. The statement of comprehensive income for the financial year ended 30 April 2010 is as below:

	Notes	\$
Revenue		2,588,000
Cost of goods sold		(1,680,000)
Gross profit		908,000
Other income	1	11,000
		919,000
Administrative expenses	2	(605,000)
Distribution costs	3	(102,000)
Other expenses	4	(83,000)
Profit before tax		129,000

Notes:

1	Other income includes:	\$
	Dividends	8,000
The dividends comprised tax exempt one-tier Singapore dividend income received from an unquoted equity investment in BBS Investments Pte Ltd on 15 April 2010.		
2	Administrative expenses include:	\$
	Depreciation	18,000
	Legal fee re: claim of trade debts	2,000
	Staff salaries, bonuses and CPF contributions	399,000
	Medical fees*	8,000
* The company did not make any contribution into the employees' medisave accounts and did not implement the portable medical benefits scheme or the transferable medical insurance scheme.		
3	Distribution expenses include:	\$
	Publicity and promotions	50,000
	Upkeep of motor vehicles – Private-plated motor cars	5,500
4	Other expenses include:	\$
	Loss on disposal of equipment	2,000
	Penalty for late payment of goods and services tax	500

Required:

Compute KIN KAN Trading Pte Ltd's chargeable income and tax liability for the year of assessment 2011.

Note: You should start your computation with the net profit before tax figure, and also list all of the items referred to in Notes 1 to 4, indicating with a '0' those items for which no adjustment is necessary.

(15 marks)

- 3** Mr SG Gan is the sole-proprietor of Cooling Air-conditioning Services. For the year ended 31 December 2010, the income statement showed revenue of \$550,000 and a net profit of \$82,000 after claiming a deduction of \$5,500 for bad and doubtful debts written off.

The following information is available in respect of the write-off of the bad and doubtful debts claimed:

Name	Amount \$	Reason for writing off the debts
ASC Pte Ltd	1,500	Despite legal action being taken the debt was irrecoverable.
NAT Pte Ltd	1,500	The company had an arrangement with Mr SG Gan to settle the outstanding debt by six instalments.
SA Tan	2,500	Mr SG Gan's personal loan to SA Tan who was a sub-contractor. As SA Tan had passed away in 2008, the loan was irrecoverable.
	<u>5,500</u>	

With the exception of the personal loan to SA Tan, all of the amounts relate to trade debts.

Required:

- (a) **State, giving reasons, whether each of the above bad debts written off is deductible for income tax purposes.** (6 marks)
- (b) **Advise Mr SG Gan the circumstances in which a business is legally liable to register for goods and services tax (GST) in Singapore.** (4 marks)

(10 Marks)

- 4 XIN XIN Desserts Pte Ltd is in the business of supplying and selling desserts, sweets and related services. During the financial year ended 31 December 2010, the company opened a new retail outlet at Tampines and the following assets were acquired:

	Cost \$
Motor vehicles	
One motorcycle	9,000
Second hand motor car	75,000
Plant and equipment	
Refrigerators and chillers	11,000
Stainless steel utensils and electric cookers – each item costing less than or equal to \$1,000	4,200
Leasehold improvement	
Wall panels, ceiling and floor tiles	20,000

The written down values of the company's Section 19A claim assets at 31 December 2009 as agreed with the Comptroller of Income Tax were:

Remaining years	\$
2	34,000
1	9,000

Required:

Compute the maximum capital allowances claimable by XIN XIN Desserts Pte Ltd for the year of assessment 2011 and indicate the items of expenditure which do not qualify for capital allowance.

(10 marks)

- 5 KPP Pte Ltd is a private exempt company which was incorporated in Singapore on 10 April 2007. The financial year end of the company is 30 June and its first set of accounts was made up for the period from 10 April 2007 to 30 June 2008.

Required:

State the year of assessment and basis period for the first three years of assessment for KPP Pte Ltd.

(6 marks)

- 6 **State the THREE conditions for claiming the full tax exemption scheme for new start-up companies.** **(6 marks)**

- 7 (a) ABC Pte Ltd is a GST registered trader. The following information relates to the company's transactions for the quarter ended 30 September 2010, and is stated exclusive of GST:

	\$
Sales	300,000
Purchases	105,000
Salaries	45,000
Rental of office	12,000

All monetary values are stated exclusive of applicable GST and all payments to external parties are made to GST-registered persons.

Required:

Calculate the amount of GST payable by ABC Pte Ltd to the Comptroller of GST for the quarter ended 30 September 2010. (2 marks)

- (b) The following is an extract of the Goods and Services tax return (F5) for ABC Pte Ltd for the quarter ended 30 September 2010.

GST F5 GOODS AND SERVICES TAX RETURN
Goods and Services Tax Act (Cap 117A)

Name	ABC Pte Ltd
Tax Reference No.	200901234C
GST Registration No.	200901234C
Due Date	(i)
Period covered by this return	01/07/2010 to 30/09/2010
	S\$
Supplies	
Total value of standard-rated supplies	(ii)
Total value of zero-rated supplies	(iii)
Total value of exempt supplies	(iv)
Total value of supplies	
Purchases	
Total value of taxable purchases	(v)
Taxes	
Output tax due	(vi)
Less: Input tax and refunds claimed	(vii)
Equals:	
Net GST to be paid to IRAS	
Revenue	
Revenue for the accounting period	(viii)

Required:

In your answer booklet, state the entries that would be entered in boxes (i) to (viii). (4 marks)

(6 marks)

8 State whether or not the following business expenses are deductible for tax purposes:

- (i) Interest on money borrowed for use in the business;
- (ii) Rental and utility charges incurred on the proprietor's private home;
- (iii) Legal and professional fees incurred as part of the cost of acquiring a new business;
- (iv) Annual trade association subscriptions;
- (v) Subscription fees incurred on a corporate membership in an exclusive private recreational club;
- (vi) Central Provident Fund (CPF) contributions made in excess of the statutory rate by the employer.

(6 marks)

9 State whether the following statements are true or false with respect to individuals claiming the carry-back relief.

- (i) With effect from the year of assessment 2006, current year unutilised trade losses and capital allowances can be carried back for one year of assessment immediately preceding the year of assessment in which the trade loss arose and the capital allowances were granted.
- (ii) For the carry-back of capital allowances the same business must be carried on in the basis period immediately preceding the year of assessment in which the unabsorbed capital allowances were granted.
- (iii) The maximum amount of loss and capital allowance to be carried back is capped at \$300,000.
- (iv) Individuals claiming the carry-back relief must submit an election form together with the filing of their individual income tax return for the current year of assessment or within 30 days from the date of issue of the notice of assessment for the current year of assessment.
- (v) The loss carry-back feature is available to all businesses including sole-proprietors and partners of a partnership.
- (vi) For the years of assessment 2009 and 2010, unutilised trade losses and capital allowances can be carried back and set-off against the assessable income of three immediate preceding years of assessment subject to a cap of \$100,000.

(6 marks)

End of Question Paper

Answers

Section A

Marks

1

A

Companies are required to submit their Form C by 30 November of each year together with a copy of the Company's audited or non-audited accounts, whichever is applicable.

1

2

C

\$13,000

Interest from fixed deposits at OCBC Bank (an approved bank)

Interest from a loan to a Singapore company, ABC Pte Ltd

Interest from a loan to Mr AA Tan

Exempt

12,000

1,000

13,000

2

3

B

The GST is payable no later than 31 October 2010, ie one month after the end of the period of account.

1

4

A

2 June 2011

A formal notice of objection in writing should be given to the Comptroller of Income Tax within 30 days from 3 May 2011.

1

5

D

\$320,000

Base Deduction (100%) (\$)

Enhanced Deduction (300%) (\$)

Total (\$)

Automated equipment

60,000

180,000

240,000

Rental of external training premises to conduct in-house training for staff

20,000

60,000

80,000

320,000

3

6

B

\$269,000

Allocation of partnership profits –

Tom

Harry

Total

Basis of share of profits

50%

50%

\$

\$

\$

Divisible profits

227,000

227,000

454,000

Salary

48,000

0

48,000

275,000

227,000

502,000

Less: capital allowances

(6,000)

(6,000)

(12,000)

Assessable income from Partnership

269,000

221,000

490,000

3

7

C

\$300

Only fees incurred for courses, seminars and conferences attended that relates to her profession or employment, ie seminars on Financial Reporting Standards qualifies for the course fees relief.

2

8

B

30 June 2010

The company will have to notify the Comptroller of Income Tax about the commencement of employment of the new foreign employees not later than three months after the date of commencement of the employment.

1

9

A

\$13,440

Property A

Property B

Total

\$

\$

\$

Rent received

33,600

36,000

Less: Expenses

Annual property tax

3,360

3,600

Annual maintenance contributions

3,800

5,400

Annual loan interest

12,000

28,000

19,160

37,000

Net rental income

14,440

(1,000)

13,440

3

10 D \$1,000

	\$	
Donation in cash to Singapore Red Cross Society re: China earthquake*	0	
Donation in cash to Handicaps Welfare Association	1,000	
Donation in gifts to Assissi Hospice#	0	
	<u>1,000</u>	

*Donations for a 'foreign charitable purpose' do not qualify for tax deduction even though they are made to an approved institution of a public character (IPC).

#Generally, donations in kind other than specific exemptions e.g. in the form of shares of public companies as listed in the Singapore Stock Exchange, computers, artefacts, land and buildings, do not qualify for tax deduction.

3

20**Section B****1 Mr Martin Yeung****Computation of employment income assessable for the year of assessment 2011**

	\$	\$	
Employment (commenced 1 June 2010 to 31 December 2010)			
Salary		32,500	1
Bonus		6,000	1
Incentive allowance		5,000	2
Reimbursement of interview expenses		0	2
Leave passage (20% of \$3,000)		600	2
		<u>44,100</u>	
Housing (Period 1 June 2010 to 31 December 2010)			
Accommodation – 10% of \$44,100		4,410	2
		<u>48,510</u>	
Less: Personal relief:			
Earned income	(1,000)		1
Spouse relief	(2,000)		1
QCR	(4,000)		1
QCR	(4,000)		1
	<u></u>	(11,000)	
Chargeable income		<u>37,510</u>	
Tax payable on the first \$30,000		350	0.5
Tax on the next \$7,510 x 5.5%		413	0.5
		<u>763</u>	

15

2 KIN KAN Trading Pte Ltd**Tax computation for the year of assessment 2011**

	\$	\$	
Net profit per accounts		129,000	
Less: Other income – Dividends	8,000		1
		(8,000)	
		121,000	
Add: Depreciation	18,000		1
Legal fees re: claim of trade debts	0		1
Staff salaries and bonuses and CPF contributions	0		1
Medical expenses 8,000 – {1% x (\$399,000)}	4,010		2.5
Publicity and promotions	0		1
Upkeep of motor vehicles – motor cars	5,500		1
Loss on disposal of equipment	2,000		1
Penalty for late payment of goods and services tax	500		1
		30,010	
Adjusted profits		151,010	
Add: Dividends (exempt one-tier)		0	1.5
		151,010	
Less: Exemptions			
– First \$10,000 at 75%		(7,500)	1
– Next \$141,010 at 50%		(70,505)	1
		73,005	
Chargeable income		73,005	
Tax thereon at 17%		12,411	1
			15

3 Cooling Air-conditioning Services**(a) Bad and doubtful debts write-off adjustments**

Name	Amount \$	Adjustment – add back to net profit \$		
ASC Pte Ltd	1,500	0	Being a trade debt irrecoverable despite legal action taken, it can be claimed for business deduction.	2
NAT Pte Ltd	1,500	1,500	This is not deductible as the debtor has made arrangements to settle the debt by instalments. The debt is still recoverable.	2
S A Tan	2,500	2,500	As this was a personal loan written off, it cannot be claimed for business deduction.	2
		4,000		6

- (b)** Under the Goods and Services Tax Act, every person who makes an annual turnover of taxable supplies (ie standard and/or zero-rated supplies) of goods and services exceeding or expected to exceed \$1 million in value is required to register for goods and services tax (GST).

1

In determining whether this threshold is met, two bases are used:

Retrospective basis

Under the retrospective basis, registration is compulsory if at the end of any quarter, the total value of the taxable supplies made in Singapore in that quarter plus the previous three quarters has exceeded \$1 million. The Comptroller must be notified within 30 days of the end of the quarter.

1
0.5**Prospective basis**

Under the prospective basis, registration is compulsory if at any time, there are reasonable grounds to believe that the total value of taxable supplies to be made in the next 12 months will exceed \$1 million. The Comptroller must be notified within 30 days of the beginning of the period.

1
0.5**4****10**

4 XIN XIN Desserts Pte Ltd**Capital allowances computation for the year of assessment 2011**

	Section 19A claim		2010 Additions (See note 2)	Total	Non-claim	
Number of years to run	1	2	2			
	\$	\$	\$		\$	
Written down value Brought forward	9,000	34,000				1
Motor vehicles						
Motorcycle			9,000			1
Second hand motor car					75,000	1
Plant and equipment						
Refrigerators and chillers			11,000			1
Stainless steel utensils and electric cookers (see note 1)	4,200					1
Leasehold improvement						
Wall panels, ceiling and floor tiles					20,000	1
	<u>13,200</u>	<u>34,000</u>	<u>20,000</u>		<u>95,000</u>	
Year of assessment 2011						
S.19A – annual allowance (AA)	<u>13,200</u>	<u>17,000</u>	<u>15,000</u>	<u>45,200</u>		3
Written down value carried forward	<u>0</u>	<u>17,000</u>	<u>5,000</u>			1
						<u>10</u>

Notes:

- 1 Items of equipment costing less than \$1,000 per item qualify for 100% write-off
- 2 Assets acquired in the basis periods for the years of assessment 2010 and 2011 can claim accelerated allowances write-down over two years as follows:
 Year 1 – 75% of the cost
 Year 2 – 25% of the cost
 $\$20,000 \times 75\% = \$15,000$

5 KPP Pte Ltd

The company will be assessed to tax as follows:

Year of assessment	Basis period	
2008	10 April 2007 to 30 June 2007	2
2009	1 July 2007 to 30 June 2008	2
2010	1 July 2008 to 30 June 2009	2
		<u>6</u>

6 Conditions for claiming tax exemption

With effect from YA 2010 to qualify for the tax exemption for new start-up companies, a company must:

- (i) be incorporated in Singapore 2
- (ii) be a tax resident in Singapore for that YA 2
- (iii) have no more than 20 shareholders throughout the basis period for that YA where all of the shareholders are Individually and directly holding shares in their own names or where at least one shareholder is an individual holding at least 10% of the issued ordinary shares of the company. 2

6

7 ABC Pte Ltd

(a)	Taxable amount	Output tax	Input tax	
	\$	\$	\$	
Sales	300,000	21,000	–	0.5
Purchases	105,000	–	7,350	0.5
Salaries	45,000	–	–	0.5
Rental of office	12,000	–	840	0.5
Total		21,000	8,190	2

(b) (i) Due date: 31 October 2010	0.5
(ii) \$300,000	0.5
(iii) 0	0.5
(iv) 0	0.5
(v) \$117,000 ie (105,000+12,000)	0.5
(vi) \$21,000	0.5
(vii) \$8,190	0.5
(viii) \$300,000	0.5
	4
	6

8 (i) Interest on money borrowed for use in the business is tax deductible.	1
(ii) Rental and utility charges incurred on the proprietor's private home are not tax deductible.	1
(iii) Legal and professional fees incurred as part of the cost of acquiring a new business are not tax deductible.	1
(iv) Annual trade association subscriptions are tax deductible.	1
(v) Subscription fees incurred on a corporate membership in an exclusive private recreational club are tax deductible.	1
(vi) Central Provident Fund (CPF) contributions made in excess of the standard rates by the employer are not tax deductible.	1
	6

9 (i) True	1
(ii) True	1
(iii) False, the maximum amount allowable for the carry back of loss items is \$100,000	1
(iv) True	1
(v) True	1
(vi) False, the cap is \$200,000	1
	6