# **Answers**

Marks

## 1 Kepayang Sdn Bhd

Chargeable income and tax payable for the year of assessment 2013 (Basis period 1 July 2012 to 30 June 2013)

Amortisation and depreciation		Note	RM	RM	
Provision for stock obsolescence	Profit before taxation		_		
Amortisation and depreciation 1 1,100,000 1/2, 100,000 1/		1			1
Provision for royalty					1/2
Royalty payments		1			1/2
Rental income         2         120,000         4           Cain on disposal of shares         18,000         4           Advertising on website         3         50,000         1           Patient registration overseas         3         50,000         1           Foreign arts and cultural performances sponsorship (208,000 – 200,000)         3         8,000         1           Cash contribution         3         2,000         4           Gifts with loge         3         2,000         1           Gifts with loge (4,000 x 50%)         3         2,000         1           Bad debts written off         4         Nill         1           Tax audit flees         5         10,000         %           Real estate agent brokerage fees         5         10,000         %           Patent registration for SME         5         Nill         1           Contributions for facilities for the disabled in a private supermarket         6         20,000         %           Fixed assets written off         30,000         1         1           Foreign exchange loss - loan repayment         7         3,000         1           Foreign exchange loss - loan repayment         7         3,000         1		1	10,000		1
Gain on disposal of shares         18,000         42           Advertising on website         3         50,000         1           Patent registration overseas         3         50,000         1           Foreign arts and cultural performances sponsorship (208,000 – 200,000)         3         8,000         1           Cash contribution         3         2,000         1           Ciffs with log         3         2,000         1           Giffs without logo (4,000 x 50%)         3         2,000         4           Bad debts withen off         4         Niii         1           Tax audit fees         5         5,000         4           Real estate agent brokerage fees         5         10,000         4           Real estate agent brokerage fees         5         10,000         4           Real estate agent brokerage fees         5         10,000         4           Real estate agent brokerage fees         5         5,000         4           Real estate agent brokerage fees         5         10,000         1           Testent registration for SME         5         10,000         1           Contributions for facilities for the disabled in a private supermarket         6         20,000         4<					1
Advertising on website   3   50,000   1					1/2
Patent registration overseas   3   50,000   1   1   1   1   1   1   1   1   1		3			1
Foreign arts and cultural performances sponsorship (208,000 - 200,000)   3   3,000   1					1
Local arts and cultural performances sponsorship (302,000 – 300,000)   3   2,000   1			,	8,000	1
Cash contribution         3         2,000         ½           Gifts with logo         3         Nill         1           Gifts without logo (4,000 x 50%)         3         2,000         1           Bad debts written off         4         Nill         1           Tax audif tees         5         5,000         ½           Real estate agent brokerage fees         5         10,000         ½           Patent registration for SME         5         Nill         1           Donations to approved charitable institutions         6         20,000         ½           Contributions for facilities for the disabled in a private supermarket         6         3,000         1           Fixed assets written off         3,000         1         1           Foreign exchange loss - loan repayment         7         Nill         1           Foreign exchange loss - trade payables         7         Nill         1           Foreign exchange gain - realised in YA 2013         7         4,000         1           Marine insurance premiums         8         29,000         1           Teight change gain - realised in YA 2013         7         Nill         1           Quit rent and assessment and cleaning expenses         9					1
Gifts withougo (4,000 x 50%) 3	· · · · · · · · · · · · · · · · · · ·				1/2
Gifts without logo (4,000 x 50%) Bad debts written off A					1
Bad debts written off         4         Nil         1           Tax audit fees         5         5,000         ½           Real estate agent brokerage fees         5         10,000         ½           Patent registration for SME         5         Nil         1           Contributions for facilities for the disabled in a private supermarket         6         20,000         ½           Contributions for facilities for the disabled in a private supermarket         6         20,000         ½           Fixed assets written off         3,000         1         3,000         1           Foreign exchange loss - loan repayment         7         Nil         1           Foreign exchange loss - loan repayment         7         Nil         1           Foreign exchange loss - loan repayment         7         Nil         1           Foreign exchange loss - loan repayment         7         Nil         1           Foreign exchange loss - trade payables         7         Nil         1           Foreign exchange loss - trade payables         8         Nil         1           Gordinal change loss - trade payables         8         Nil         1           Research and development expenditure (approved)         10         10,000         1					1
Tax audit fees         5         5,000         ½           Real estate agent brokerage fees         5         10,000         ½           Patent registration for SME         5         Nii         1           Donations to approved charitable institutions         6         20,000         ½           Contributions for facilities for the disabled in a private supermarket         6         3,000         1           Fixed assets written off         32,000         ½           Foreign exchange loss – loan repayment         7         3,000         1           Foreign exchange loss – trade payables         7         Nii         1           Foreign exchange loss – trade payables         7         Nii         1           Foreign exchange gain – realised in YA 2013         7         4,000         1           Marine insurance premiums         8         29,000         1           Freight changes         8         Nii         1           Quit rent and assessment and cleaning expenses         9         15,000         1           Research and development expenditure (approved)         10         10,000         1           Corporate membership         11         20,000         1           Capital allowances         (20,000)					1
Real estate agent brokerage fees         5         10,000         12           Patent registration for SME         5         Nill         12           Donations to approved charitable institutions         6         20,000         36           Contributions for facilities for the disabled in a private supermarket         6         32,000         14           Fixed assets written off         32,000         32,000         32,000         16           Foreign exchange loss – loan repayment         7         Nill         1           Foreign exchange loss – trade payables         7         Nill         1           Foreign exchange gain – realised in YA 2013         7         4,000         1           Marine insurance premiums         8         29,000         1           Freight charges         8         Nill         1           Research and development expenditure (approved)         10         10,000         1           Employees' provident fund EPF (excess over 19%)         11         20,000         1           Coprorate membership         12         5,000         1/2           Adjusted income         (2,000,000)         1/2           Less:         (2,000,000)         1/2           Capital allowances         (1,500				5.000	1/2
Patent registration for SME   1   20,000   1		5			1/2
Donations to approved charitable institutions         6         20,000         ½           Contributions for facilities for the disabled in a private supermarket         6         3,000         ½           Fixed assets written off         32,000         ½           Foreign exchange loss – loan repayment         7         3,000         1           Foreign exchange loss – trade payables         7         NII         1           Foreign exchange gain – realised in YA 2013         7         4,000         1           Marine insurance premiums         8         29,000         1           Freight charges         8         NII         1           Research and development expenditure (approved)         10         10,000         1           Employees' provident fund EPF (excess over 19%)         11         20,000         1           Corporate membership         12         5,000         ½           Employees' provident fund EPF (excess over 19%)         11         20,000         1           Corporate membership         12         5,000         ½           Experimental income         4,796,000         2           Less:         Capital allowances         4,796,000         ½           Statutory income         4,796,000					1
Contributions for facilities for the disabled in a private supermarket   6   3,000   1					1/2
Fixed assets written off         32,000         ½           Foreign exchange loss – loan repayment         7         3,000         ½           Foreign exchange loss – trade payables         7         Nil         1           Foreign exchange gain – realised in YA 2013         7         4,000         1           Marine insurance premiums         8         29,000         1           Freight charges         8         Nil         1           Quit rent and assessment and cleaning expenses         9         15,000         1           Research and development expenditure (approved)         10         10,000         1           Employees' provident fund EPF [excess over 19%]         11         20,000         1           Corporate membership         12         5,000         ½           Adjusted income         (287,000)         7,083,000         ½           Less:         (2,000,000)         ½           Capital allowances         (2,000,000)         ½           Statutory income         4,796,000         ½           Add:         (2,000,000)         ½           Rental income         120,000         1           Less:         (15,000)         1           Quit rent and assessment and	· ·			,	1
Foreign exchange loss - loan repayment   7		Ü			
Foreign exchange loss - trade payables   7		7			
Foreign exchange gain - realised in YA 2013					
Marine insurance premiums       8       29,000       1         Freight charges       8       Nil       1         Quit rent and assessment and cleaning expenses       9       15,000       1         Research and development expenditure (approved)       10       10,000       1         Employees' provident fund EPF [excess over 19%]       11       20,000       1         Corporate membership       12       5,000       ½         Adjusted income       6,796,000       2         Less:       (2,000,000)       ½         Capital allowances       (2,000,000)       ½         Statutory income       4,796,000       ½         Add:       8       2       2					
Freight charges   8			29 000	1,000	
Quit rent and assessment and cleaning expenses       9       15,000       1         Research and development expenditure (approved)       10       10,000       1         Employees' provident fund EPF [excess over 19%]       11       20,000       1         Corporate membership       12       5,000       ½         Adjusted income       6,796,000       (287,000)       6,796,000         Less:       (2,000,000)       ½         Capital allowances       (2,000,000)       ½         Statutory income       4,796,000       4         Add:       8       8       1         Rentlal income       120,000       1       1         Gross rental income       120,000       1       1         Less:       Quit rent and assessment and cleaning expenses       (15,000)       1       1         Brokerage fees       Nil       1			23,000	Nil	
Research and development expenditure (approved)   10   10,000   10,000   10   10,000   10   1					
Employees' provident fund EPF [excess over 19%]         11         20,000         1           Corporate membership         287,000         7,083,000         2           287,000         7,083,000         6,796,000         2           Less:         (2,000,000)         ½           Capital allowances         (2,000,000)         ½           Statutory income         4,796,000         ½           Add:         8         1           Rental income         120,000         1           Gross rental income         120,000         1           Less:         1         1           Quit rent and assessment and cleaning expenses         (15,000)         1           Brokerage fees         Nil         1           Aggregate income         4,901,000         2           Less: Donation to approved institutions (20,000)         ½           (restricted to 10% of aggregate income)         4,881,000           Tax liability         1         100,000         ½           Tax on first RM500,000 at 20%         100,000         ½           Balance of RM4,381,000 at 25%         1,095,250         ½           Tax charged/payable         1,1,195,250         ½			10 000	13,000	
Corporate membership         12         5,000         ½           287,000         7,083,000         ½           Adjusted income         6,796,000         ½           Less:         (2,000,000)         ½           Capital allowances         (2,000,000)         ½           Statutory income         4,796,000         ½           Add:         8         8           Rental income         120,000         1           Gross rental income         120,000         1           Less:         1         1           Quit rent and assessment and cleaning expenses         (15,000)         1           Brokerage fees         Nil         1           Aggregate income         4,901,000         ½           Less: Donation to approved institutions (20,000)         ½         ½           (restricted to 10% of aggregate income)         4,881,000         ½           Tax liability         1         100,000         ½           Tax on first RM500,000 at 20%         100,000         ½           Balance of RM4,381,000 at 25%         1,095,250         ½           Tax charged/payable         1,195,250         ½			10,000	20.000	
Adjusted income					
Adjusted income       (287,000)         Less:       (2,000,000)       ½         Capital allowances       (2,000,000)       ½         Statutory income       4,796,000       ¼         Add:       Rental income       120,000       1         Gross rental income       120,000       1         Less:       2       1         Quit rent and assessment and cleaning expenses       (15,000)       1         Brokerage fees       Nil       1         Aggregate income       4,901,000       ½         Less: Donation to approved institutions (restricted to 10% of aggregate income)       ½       ½         Total/Chargeable income       4,881,000       ½         Tax liability       1       1       1       ½         Tax on first RM500,000 at 20%       1       1       ½       ½         Balance of RM4,381,000 at 25%       1,095,250       ½       ½         Tax charged/payable       1,195,250       ½	Corporate membership	12		<del></del>	/2
Adjusted income       6,796,000         Less:       (2,000,000)       ½         Capital allowances       (2,000,000)       ½         Statutory income       4,796,000       ¼         Add:       Rental income       120,000       1         Gross rental income       120,000       1         Less:       Quit rent and assessment and cleaning expenses       (15,000)       1         Brokerage fees       Nii       1         Aggregate income       4,901,000       ½         Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       ½         Total/Chargeable income       4,881,000       ½         Tax liability       1       100,000       ½         Tax on first RM500,000 at 20%       1,095,250       ½         Balance of RM4,381,000 at 25%       1,095,250       ½         Tax charged/payable       1,195,250			287,000	7,083,000	
Adjusted income       6,796,000         Less:       (2,000,000)       ½         Capital allowances       (2,000,000)       ½         Statutory income       4,796,000       ¼         Add:       Rental income       120,000       1         Gross rental income       120,000       1         Less:       Quit rent and assessment and cleaning expenses       (15,000)       1         Brokerage fees       Nii       1         Aggregate income       4,901,000       ½         Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       ½         Total/Chargeable income       4,881,000       ½         Tax liability       1       100,000       ½         Tax on first RM500,000 at 20%       1,095,250       ½         Balance of RM4,381,000 at 25%       1,095,250       ½         Tax charged/payable       1,195,250				(287.000)	
Less:         (2,000,000)         ½2           Capital allowances         (2,000,000)         ½2           Statutory income         4,796,000         Add:           Rental income         120,000         1           Gross rental income         120,000         1           Less:         105,000         1           Quit rent and assessment and cleaning expenses         (15,000)         1           Brokerage fees         Nil         1           Aggregate income         4,901,000         ½2           Less: Donation to approved institutions (restricted to 10% of aggregate income)         (20,000)         ½2           Total/Chargeable income         4,881,000         ½2           Tax liability         1ax on first RM500,000 at 20%         100,000         ½2           Balance of RM4,381,000 at 25%         1,095,250         ½2           Tax charged/payable         1,195,250         ½2	Additional designation				
Capital allowances       (2,000,000)       ½         Statutory income       4,796,000       Add:         Rental income       120,000       1         Gross rental income       120,000       1         Less:       105,000       1         Quit rent and assessment and cleaning expenses       Nii       1         Brokerage fees       Nii       1         Aggregate income       4,901,000       ½         Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       ½         Total/Chargeable income       4,881,000       ½         Tax Inability       100,000       ½         Tax on first RM500,000 at 20%       100,000       ½         Balance of RM4,381,000 at 25%       1,095,250       ½         Tax charged/payable       1,195,250       ½				6,796,000	
Statutory income       4,796,000         Add:       Rental income         Gross rental income       120,000       1         Less:       120,000       1         Quit rent and assessment and cleaning expenses       (15,000)       1         Brokerage fees       Nil       1         Aggregate income       4,901,000       1         Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       1/2         Total/Chargeable income       4,881,000       1         Tax liability       1ax on first RM500,000 at 20%       100,000       1/2         Balance of RM4,381,000 at 25%       1,095,250       1/2         Tax charged/payable       1,195,250       1				(0.000.000)	1./
Add:       Rental income         Gross rental income       120,000       1         Less:       120,000       1         Quit rent and assessment and cleaning expenses       (15,000)       1         Brokerage fees       Nil       1         105,000       1       1         Aggregate income       4,901,000       1/2         Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       1/2         Total/Chargeable income       4,881,000       1         Tax liability       1       100,000       1/2         Tax on first RM500,000 at 20%       100,000       1/2         Balance of RM4,381,000 at 25%       1,095,250       1/2         Tax charged/payable       1,195,250       1/2	Capital allowances			(2,000,000)	1/2
Rental income       120,000       1         Less:       2         Quit rent and assessment and cleaning expenses       (15,000)       1         Brokerage fees       Nil       1         Aggregate income       4,901,000       1         Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       1/2         Total/Chargeable income       4,881,000       1         Tax on first RM500,000 at 20%       100,000       1/2         Balance of RM4,381,000 at 25%       1,095,250       1/2         Tax charged/payable       1,195,250       1	Statutory income			4,796,000	
Gross rental income       120,000       1         Less:       Quit rent and assessment and cleaning expenses       (15,000)       1         Brokerage fees       Nii       105,000         Aggregate income       4,901,000         Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       ½2         Total/Chargeable income       4,881,000         Tax liability       Tax on first RM500,000 at 20%       100,000       ½2         Balance of RM4,381,000 at 25%       1,095,250       ½2         Tax charged/payable       1,195,250	Add:				
Less:       Quit rent and assessment and cleaning expenses       (15,000)       1         Brokerage fees       Nil       1         Aggregate income       4,901,000         Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       ½         Total/Chargeable income       4,881,000         Tax liability       100,000       ½         Tax on first RM500,000 at 20%       100,000       ½         Balance of RM4,381,000 at 25%       1,095,250       ½         Tax charged/payable       1,195,250	Rental income				
Quit rent and assessment and cleaning expenses       (15,000)       1         Brokerage fees       Nil       1         105,000       4,901,000         Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       ½         Total/Chargeable income       4,881,000         Tax liability       100,000       ½         Tax on first RM500,000 at 20%       100,000       ½         Balance of RM4,381,000 at 25%       1,095,250       ½         Tax charged/payable       1,195,250	Gross rental income		120,000		1
Brokerage fees         Nil         1           Aggregate income         4,901,000           Less: Donation to approved institutions (restricted to 10% of aggregate income)         (20,000)         ½           Total/Chargeable income         4,881,000           Tax liability         100,000         ½           Tax on first RM500,000 at 20%         100,000         ½           Balance of RM4,381,000 at 25%         1,095,250         ½           Tax charged/payable         1,195,250         ½	Less:				
Brokerage fees         Nil         1           Aggregate income         4,901,000           Less: Donation to approved institutions (restricted to 10% of aggregate income)         (20,000)         ½           Total/Chargeable income         4,881,000           Tax liability         100,000         ½           Tax on first RM500,000 at 20%         100,000         ½           Balance of RM4,381,000 at 25%         1,095,250         ½           Tax charged/payable         1,195,250         ½	Quit rent and assessment and cleaning expenses		(15,000)		1
Aggregate income 4,901,000  Less: Donation to approved institutions (20,000)  (restricted to 10% of aggregate income)  Total/Chargeable income 4,881,000  Tax liability  Tax on first RM500,000 at 20%  Balance of RM4,381,000 at 25%  Tax charged/payable  105,000  4,901,000  4,881,000  100,000  1/2  1,195,250  1,195,250					1
Aggregate income       4,901,000         Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       1/2         Total/Chargeable income       4,881,000         Tax liability       100,000       1/2         Tax on first RM500,000 at 20%       100,000       1/2         Balance of RM4,381,000 at 25%       1,095,250       1/2         Tax charged/payable       1,195,250	S			10F 000	
Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       1/2         Total/Chargeable income       4,881,000         Tax liability       100,000       1/2         Balance of RM4,381,000 at 25%       1,095,250       1/2         Tax charged/payable       1,195,250       1				105,000	
Less: Donation to approved institutions (restricted to 10% of aggregate income)       (20,000)       1/2         Total/Chargeable income       4,881,000         Tax liability       100,000       1/2         Balance of RM4,381,000 at 25%       1,095,250       1/2         Tax charged/payable       1,195,250       1	Aggregate income			4,901,000	
(restricted to 10% of aggregate income)       1/2         Total/Chargeable income       4,881,000         Tax liability       100,000         Tax on first RM500,000 at 20%       1,0000         Balance of RM4,381,000 at 25%       1,095,250         Tax charged/payable       1,195,250				(20,000)	1/2
Tax liability         Tax on first RM500,000 at 20%       100,000       ½         Balance of RM4,381,000 at 25%       1,095,250       ½         Tax charged/payable       1,195,250	(restricted to 10% of aggregate income)				1/2
Tax on first RM500,000 at 20%       100,000       ½         Balance of RM4,381,000 at 25%       1,095,250       ½         Tax charged/payable       1,195,250	Total/Chargeable income			4,881,000	
Tax on first RM500,000 at 20%       100,000       ½         Balance of RM4,381,000 at 25%       1,095,250       ½         Tax charged/payable       1,195,250	Tay liability				
Balance of RM4,381,000 at 25%       1,095,250       ½         Tax charged/payable       1,195,250				100 000	1/2
Tax charged/payable 1,195,250					
					72
30	Tax charged/payable			1,195,250	
					30

## 2 Sita and Kwek

## (a) Sita - Income tax payable for the year of assessment 2013

	RM	RM	
Employment			
[Section 13(1)(a)]		150,000	1/
Salary (15,000 x 10 months) Entertainment allowance (500 x 10)		150,000 5,000	1/ <sub>2</sub> 1/ <sub>2</sub>
Travelling allowance (800 x 10)	8,000	3,000	1/2
Less: Exempt	(6,000)	2,000	1
Maid salary reimbursed		11,000	1
Service excellence award	3,000	,	1/2
Less: Exemption [Paragraph 25C, Schedule 6]	(2,000)	1,000	1
		169,000	
[Section 13(1(c)]			
Living accommodation			
Lower of [30% x s.13(1)(a)] (30% x 169,000)	50,700		1
Defined value (4,000 x 10)	40,000		1
Lower	-,	40,000	1/2
Gross employment income		209,000	
Less: Rent paid by Sita (500 x 10)		(5,000)	1
Less: Entertainment expenses (restricted to allowance)		(5,000)	1
Adjusted income/statutory income from employment		199,000	
Add:			1
Interest income from Singapore Royalty income from books	32,000	Exempt	1 1/2
Less: Exemption [Paragraph 32B, Schedule 6]	(20,000)	12,000	1
Aggregate income	<del></del>	211,000	
Less: Approved donations (restricted to 7% x aggregate income)		(14,770)	1
Total income		196,230	
Less: Personal reliefs		130,200	
Self	9,000		1/2
Employees' provident fund (maximum)	6,000		1/2
Dental expenses for child Spouse relief	Nil 3,000		1 1/2
Spouse – disabled	3,500		$\frac{72}{1}$
Child relief: First child	Nil		1
Second child	1,000		1/2
Private retirement scheme (maximum)	3,000		1
		(25,500)	
Chargeable income		170,730	
Tax liability			
Tax on RM100,000		13,850	1/2
Tax on next RM70,730 at 26%		18,390	1/2
Tax payable		32,240	
			20

**Tutorial note:** Sita is not entitled to claim the higher child relief rate of RM6,000 for her first child as the child's total income of RM7,000 exceeded the relief amount of RM6,000.

**(b)** The benefit of a leave passage enjoyed by an employee and members of his or her immediate family is tax exempt for up to three local leave passages and for one overseas leave passage of up to RM3,000 in a calendar year.

Hotel accommodation and meals provided for local leave passages are tax exempt but are taxable on the employee for overseas leave passages.

Sita should request for a local leave passage so that the entire benefit will be tax exempt.

5 25

1 + 1

1 + 1

#### 3 (a) Rose Fusion Café

- (i) The conditions and compliance requirements for a person to satisfy for a claim for initial and annual allowances in respect of qualifying plant expenditure (QPE) are as follows:
  - (1) The person was carrying on a business during the basis period.
  - (2) The asset was used for business purposes.
  - (3) For the initial allowance, the person has incurred QPE on the asset during the basis period; and was either the owner of the asset at the end of the basis period or at the time of disposal if the asset was disposed of in the basis period.
  - (4) For the annual allowance, the person has incurred QPE on the asset; and was the owner of the asset as at the end of the basis period.
  - (5) The person must make a written claim for capital allowances in the prescribed form providing the required particulars.

<sup>1</sup>/<sub>2</sub>
5

Marks

 $\frac{1}{2}$ 

1

 $\frac{1}{2}$ 

1

<sup>1</sup>/<sub>2</sub>

## (ii) Capital allowances for the year of assessment 2013

Asset		Cost/Qualifying expenditure RM	Capital allowance RM	
Table and chairs Qualifying plant expenditure Initial allowance (IA) Annual allowance (AA)	20% 10%	20,000 (4,000) (2,000)	6,000	1/2 1/2
Residual expenditure		14,000		
Linen No capital allowances but a deduction will be m arriving at the adjusted income when the assets replaced on a replacement basis.		10,000		1/2 + 1
Crockery and glass dinner plates and mugs No capital allowances but a deduction will be m arriving at the adjusted income when the assets replaced on a replacement basis.		5,000		1/2 + 1
Stainless steel cooking equipment Qualifying plant expenditure Initial allowance (IA) Annual allowance (AA)	20% 14%	10,000 (2,000) (1,400)	3,400	1/ <sub>2</sub> 1/ <sub>2</sub>
Residual expenditure		6,600		
Kitchen cooking oven Qualifying plant expenditure Initial allowance (IA) Annual allowance (AA) Residual expenditure	20% 14%	100,000 (20,000) (14,000) 66,000	34,000	1/ <sub>2</sub> 1/ <sub>2</sub>
Passenger vehicle on hire purchase Qualifying plant expenditure (restricted) Initial allowance Annual allowance	20% 20%	100,000 (20,000) (20,000)	40,000	1 ½ ½
Residual expenditure		60,000		
Less: Private use (25%)			(10,000)	1
			30,000	
				9

	nt Sdn Bhd				
Sela	angor factory building – capital allowances				
Lan	d (non-qualifying)		RM	<b>RM</b> 0	
	u (non-quantyling) Istruction costs for building			4,000,000	
				4,000,000	
	s: Office (20%) [exceeding 10%]			(800,000)	
	alifying building expenditure s: YA 2013 Initial allowance	10%	320,000	3,200,000	
LUS	Annual allowance	3%	96,000		
				(416,000)	
	idual expenditure			2,784,000	
	s: YA 2014 Annual allowance	3%		(96,000)	
	idual expenditure posal proceeds		6,000,000	2,688,000	
	s: 20% adjustment for office (non-qualifying)		(1,200,000)		
Disp	posal value			4,800,000	
Bala	ancing charge			2,112,000	
	ancing charge restricted to capital allowances claime	ed			
(41	6,000 + 96,000)			512,000	
				RM	
	Loss before tax				
				(39,000)	
	Add: Depreciation of fixed assets				
	Depreciation of fixed assets Partner's salary – Karan			4,000 32,000	
	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy			4,000 32,000 24,000	
	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income			4,000 32,000	
	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy			4,000 32,000 24,000	
	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital			4,000 32,000 24,000 21,000 32,000 24,000	
	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss			4,000 32,000 24,000 21,000 32,000 24,000 (35,000)	
	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital			4,000 32,000 24,000 21,000 32,000 24,000	
	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss			4,000 32,000 24,000 21,000 32,000 24,000 (35,000)	
(ii)	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss			4,000 32,000 24,000 21,000 32,000 24,000 (35,000) 20,000	
(ii)	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss Capital allowances			4,000 32,000 24,000 21,000 32,000 24,000 (35,000)	
(ii)	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss Capital allowances  Total income of the partners  Karan Divisible loss (35,000 x ½)			4,000 32,000 24,000 21,000 32,000 24,000 (35,000) 20,000 RM (17,500)	
(ii)	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss Capital allowances  Total income of the partners  Karan Divisible loss (35,000 x ½) Salary			4,000 32,000 24,000 21,000 32,000 (35,000) 20,000 RM (17,500) 32,000	
(ii)	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss Capital allowances  Total income of the partners  Karan Divisible loss (35,000 x ½) Salary Adjusted income			4,000 32,000 24,000 21,000 32,000 (35,000) 20,000 RM (17,500) 32,000 14,500	
(ii)	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss Capital allowances  Total income of the partners  Karan Divisible loss (35,000 x ½) Salary Adjusted income Capital allowance (20,000 x ½)			4,000 32,000 24,000 21,000 32,000 (35,000) 20,000 <b>RM</b> (17,500) 32,000 14,500 (10,000)	
(ii)	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss Capital allowances  Total income of the partners  Karan Divisible loss (35,000 x ½) Salary Adjusted income			4,000 32,000 24,000 21,000 32,000 (35,000) 20,000 RM (17,500) 32,000 14,500	
(ii)	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss Capital allowances  Total income of the partners  Karan Divisible loss (35,000 x ½) Salary Adjusted income Capital allowance (20,000 x ½) Statutory income Less: Unabsorbed losses brought forward Statutory income			4,000 32,000 24,000 21,000 32,000 24,000 (35,000) 20,000 RM (17,500) 32,000 14,500 (10,000) 4,500 (500) 4,000	
(ii)	Depreciation of fixed assets Partner's salary – Karan Partner's interest on capital – Candy Provisional adjusted income Less: Karan's salary Candy's interest on capital Divisible loss Capital allowances  Total income of the partners  Karan Divisible loss (35,000 x ½) Salary Adjusted income Capital allowance (20,000 x ½) Statutory income Less: Unabsorbed losses brought forward			4,000 32,000 24,000 21,000 32,000 24,000 (35,000) 20,000  RM (17,500) 32,000 14,500 (10,000) 4,500 (500)	

	RM	Marks
Candy Divisible loss (35,000 x ½) Interest on capital	(17,500) 24,000	1/ <sub>2</sub> 1/ <sub>2</sub>
Adjusted income Capital allowance (20,000 x $\frac{1}{2}$ ) (utilised up to)	6,500 (6,500)	1
Statutory income Employment income	0 12,000	1/2
Aggregate income Less: Current year loss	12,000 (2,000)	1
Total income	10,000	
Unabsorbed losses available for carry forward to YA 2014	500	<u>-1/2</u> <u>-7</u>

#### (b) Whistler Sdn Bhd

(ii)

(iii)

#### (i) Years of assessment 2014 and 2015

icals of assessment 2014 and 2015			
Year of assessment (YA)	Basis period	Adjusted income/(loss) RM	
2014	1 May 2013 to 30 April 2014	56,000	1/2
2015	1 May 2014 to 30 April 2015	(36,000)	$\frac{\frac{1}{2}}{1}$
	g the same basis period as the old business. February 2014 to 30 April 2014 for the year	,	1
	ng the real property gains tax (RPGT) form board (IRB) is within 60 days of the date of si	•	

(iv) The acquirer, Whistler Sdn Bhd, will be required to retain from the consideration payable to Silver Sdn Bhd an amount of 2% of the value of the consideration or the whole of the consideration which consists

and purchase agreement, i.e. on or before 18 June 2014.

Bhd an amount of 2% of the value of the consideration or the whole of the consideration which consists of money, if it is less.

The amount retained based on 2% of the disposal consideration is RM20,000 (2% x RM1,000,000). Whistler Sdn Bhd is required to remit the amount retained to the IRB.

2 **15** 

1

1

1/2

 $\frac{1}{2}$ 

 $\frac{1}{2}$ 

#### 5 (a) Sales tax: Exemption from licensing

An exemption from licensing can be obtained by a manufacturer of taxable goods in the following circumstances:

- (1) The sales value of the goods manufactured by the manufacturer during the preceding 12 months does not exceed RM100,000 and the sales value of such goods is unlikely to exceed RM100,000 during the next 12 months.
- (2) The manufacturer is a contractor who performs work on taxable material supplied by another person and the total amount charged for such work done by him during the preceding 12 months does not exceed RM20,000 and the total charges for his work to be done during the next 12 months is unlikely to exceed RM20,000.

AND in both cases, an application for a certificate of exemption to the Director General of Royal Customs.

(3) Any person who manufactures solely any of the goods exempted as listed in Schedule A/B of the Sales Tax Exemption Order 1980.

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	(4) A manufacturer of taxable goods in which the manufacturing operations are exempted from licensing under the Sales Tax (Exemption of Licensing) Order 1997.	<i>Marks</i>
		4
(b)	Pix Sdn Bhd	
	The amount of the sales tax deduction based on the credit system is:	
	$RM22,000 \times 8\% = RM1,760.$	1
	Pix Sdn Bhd will deduct the amount of RM1,760 from the total sales tax to be paid to the Director General of Royal Customs.	1
	In the event there is any unutilised credit, it can be carried forward and deducted in the next taxable period.	<u>3</u>

## (c) Petai Sdn Bhd

The amount due to be paid to the Royal Customs Department is:

$$\frac{4,240}{10,600} \times 600 = \text{RM240}.$$

$$\frac{1}{2} + \frac{1}{2}$$
The taxable period for the payment of the RM240 is 1 November to 31 December 2013.
$$\frac{1}{2}$$
The due date to remit the service tax is within 28 days from the end of the taxable period, i.e. on or before 28 January 2014.
$$\frac{1}{3}$$

$$10$$

**Tutorial note:** The amount paid is based on the formula A/B x C where:

A is the amount of the payment received in respect of the provision of the taxable service;

B is the sales value of the taxable service plus the service tax payable; and

C is the service tax payable.