Answers

1 Report to PandaiBuat Sdn Bhd

From Tax Firm
To Mr Bok Chek Wai, Chief financial officer, PandaiBuat Sdn Bhd
Date 4 June 2019

This report considers the key tax issues of PandaiBuat Sdn Bhd (PBSB) and Niaga Sdn Bhd (NSB) arising from increased exports and PBSB's diversification project.

(a) (i) PBSB's eligibility for the allowance for increased export (AIE)

PBSB satisfies the following requirements for AIE:

- PBSB is a resident company engaged in the manufacture of air purifiers for both the domestic and export markets.
- PBSB expects to register export sales of RM3·5 million in YA 2020. This represents an increase of RM1 million (RM3·5 million – RM2·5 million) over the YA 2019 export sales. As the value added is 40%, the rate of the AIE for PBSB will therefore be 10% of the value of increase in export sales in YA 2020 over that of the preceding year (YA 2019).

However, there is a non-application clause for AIE, if the company is granted incentives under the Promotion of Investments Act or reinvestment allowance under the Income Tax Act.

(ii) Tax savings

Please refer to the appendix for the tax savings arising from the claim of AIE.

(b) (i) Eligibility for the Malaysian international trading company (MITC) incentive

NSB fulfils the following conditions for certification as an MITC for the year of assessment (YA) 2020:

- NSB is incorporated in Malaysia.
- NSB is wholly owned by PBSB, which is 75% held by Malaysians. NSB is therefore effectively 75% held by Malaysians. This exceeds the minimum requirement of 60%.
- For YA 2020, if NSB were to export the air purifiers, it expects to have sales revenue of RM15 million (RM2 million + RM9·5 million + RM3·5 million) which exceeds the minimum requirement of RM10 million annual sales for an MITC.
- Of its total sales, rubber wood sales of RM2 million will constitute 13·3% (2 million/15 million) of total sales of NSB. This fulfils the requirement that no more than 20% of its sales revenue comes from the trading of primary commodities.
- As NSB uses Malaysian banks, insurance companies and Klang port facilities, it also fulfils the requirement that an MITC uses local services for the purposes of banking, finance and insurance and uses local ports and airports.

Therefore, NSB is likely to succeed when it applies to the Malaysian External Trade Development Corporation (MATRADE) for certification as an MITC. With such a letter from MATRADE, NSB will be eligible for the MITC incentive.

(ii) Tax savings

Please refer to the appendix for the tax savings arising from the claim of the MITC incentive.

(c) (i) The diversification project

PBSB is eligible for the reinvestment allowance (RA) in respect of the diversification into air coolers because it fulfils the following conditions:

- PBSB is a resident company in Malaysia;
- It has been manufacturing since January 2017;
- By March 2020, when the capital expenditure will be incurred, it would satisfy the minimum 36 months' operation condition;
- It will incur capital expenditure of RM2·75 million on a factory, plant and machinery used in Malaysia;
- PBSB is embarking on a qualifying project of diversification for the purposes of RA.

However, PBSB will not qualify for RA if it claims the AIE, as the two incentive measures are mutually exclusive.

(ii) Tax savings

Please refer to the appendix for the tax savings arising from the claim of RA.

(d) Tax planning

The tax saving accruing to NSB in claiming the MITC incentive amounts to RM216,000. This compares very favourably to PBSB claiming AIE, which yields a tax saving of only RM24,000.

Moreover, if PBSB were to claim AIE, it would not be eligible for RA in YA 2020. Considering the RA yields a hefty tax saving of RM396,000 compared to RM24,000 (for AIE), it is clear that PBSB should not claim AIE.

We recommend therefore that NSB should take on the exporting of the air purifiers, and claim the MITC incentive. PBSB will then be in a position to claim RA in YA 2020.

(e) Deductibility of the feasibility study costs

The feasibility study costing RM170,000 may be argued to be revenue in nature because the products (i.e. air purifiers and air coolers) are related; the latter is merely an extension of the existing business. It is incurred during the process of producing income from manufacturing and therefore constitutes a tax deductible revenue expense.

On the other hand, the expenditure pertains to a new product and was incurred during the pre-production period. Therefore, the feasibility study helps put the company in a position to decide on the launching of a new product. Viewed thus, it is not incurred in the process of producing income, but incurred in order to produce the income, it is clearly capital in nature.

On balance, we are of the view that the feasibility study expenditure is capital in nature, and is not tax deductible.

Alternative acceptable conclusion
On balance, we are of the view that the feasibility study expenditure is revenue in nature, because the two products are closely related, pertaining to the same source of business, and is directly related to the income-earning process, therefore tax deductible.

(f) Distribution of dividends by NSB

Assuming that NSB claims the MITC incentive in the YA 2020 and distributes both exempt dividends and single-tier dividends to its holding company PBSB:

– The amount of single-tier dividends which can be distributed by NSB will be restricted to the availability of its retained earnings.

  In the hands of PBSB, a single-tier dividend will be specifically exempt under the law [under paragraph 12B, Schedule 6].

– The amount of exempt dividends which can be distributed will similarly be restricted to the availability of retained earnings. It is additionally restricted to the amount of the MITC incentive of RM900,000, when it is fully absorbed against the statutory income of NSB.

  PBSB will be exempt from tax in respect of this dividend. PBSB in turn can distribute exempt dividends of up to RM900,000 to its shareholders, who will also be tax exempt under the two-tier exempt dividend provisions.

End of report

Appendix

Tax savings of the three incentive measures in YA 2020

		RM'000	RM'000
(a) (ii)	**PBSB's claim for AIE**		
	Value of exports in YA 2019		
	Export of air purifiers	2,500	
	Value of exports in YA 2020		
	Export of air purifiers	3,500	
	Value of increased exports		1,000
	Value added = 40%		
	Therefore, tax exemption is 10% of increased exports of RM1 million, to be set off against 70% of statutory income until fully absorbed		100
	Tax saving at 24%		24
(b) (ii)	**NSB's claim for the MITC incentive**		
	Value of exports in YA 2019		
	Export of rubber wood		1,000
	Value of exports in YA 2020		
	Export of air purifiers	3,500	
	Export of rubber wood	2,000	5,500
	Value of increased exports		4,500
	Tax exemption: 20% of increase in exports		
	To be set off against 70% of statutory income until fully absorbed		900
	Tax savings at 24%		216
(c) (ii)	**PBSB's claim for RA**		
	Qualifying capital expenditure (QCE)		2,750
	RA at 60% of QCE of RM2·75 million		
	To be set off against 70% statutory income until fully absorbed		1,650
	Tax saving at 24%		396

2 (a) (i) Mr Phoriner – Residence status for year of assessment (YA) 2019

Mr Phoriner's stay in Malaysia in 2019 is 95 days (15 April 2019 to 18 July 2019).

He will not be able to satisfy the 182-day rule or the other rules as he has no prior pattern of stay in Malaysia.

Therefore, Mr Phoriner will be non-resident in Malaysia for YA 2019.

(ii) Mr Phoriner – Residence planning

YAs 2020 and 2021

Given that he is flexible in his timing and pattern of stay, Mr Phoriner could qualify for tax residence in Malaysia in YAs 2020 and 2021 by linking a shorter period of stay in one year ('the short period') to a longer period of at least 182 days ('the long period') in the immediately preceding or immediately following year. This means one of the following:

1. A continuous stay from 3 July 2020 to 31 December 2020 (182 consecutive days), linked to 1 January 2021; or
2. A continuous stay from 31 December 2020 (1 day) linked to the consecutive 182-day period of 1 January 2021 to 1 July 2021.

In this way, Mr Phoriner will qualify for residence under the 182-day rule [s.7(1)(a)] for the year with 'the long period', while the year with 'the short period' will qualify for residence under the linkage rule [s.7(1)(b)].

YA 2022

If Mr Phoriner is present in Malaysia for an aggregate of at least 90 days throughout the year 2022, he will qualify for tax residence under the rule [s.7(1)(c)]. This rule stipulates that he is in Malaysia for at least 90 days in 2022, and he is in Malaysia for at least 90 days or resident for three out of the four immediately preceding years. This will be satisfied by Mr Phoriner as seen below:

2019	95 day stay (exceeded the minimum requirement of 90 days)
2020	Resident (182-day rule or linkage rule)
2021	Resident (182-day rule or linkage rule)
2022	In Malaysia for at least 90 days, and has 90-day stay in 2019, is resident for YAs 2020 and 2021

(b) Basis periods for Artsy Sdn Bhd for the YAs 2019 to 2021

Artsy will close its accounts as follows:

- 1 May 2019 (date of incorporation and commencement of operations) to 30 June 2020;
- 1 July 2020 to 30 June 2021; and
- Thereafter to 30 June annually.

YA	Basis period	Compliance requirement
2019	No basis period because no accounts close in the year 2019	No compliance requirement.
2020 First YA for tax compliance requirements.	1 May 2019 to 30 June 2020	1. Artsy needs to provide an estimate of tax for YA 2020 by 31 July 2019 (i.e. within three months of its commencement of operations). 2. 14 equal monthly tax instalments will be payable from October 2019 until November 2020 (i.e. from the sixth month after the commencement of operations). 3. The tax return for YA 2020 will be due for submission by 31 January 2021 (i.e. by the end of seven months after the close of accounts on 30 June 2020).
2021	1 July 2020 to 30 June 2021	Not applicable.

(c) Stamp duty

Although the warehouse building was acquired for RM838,000, the stamp duty payable is calculated based on the market value of RM949,000, as follows:

	RM
First 100,000 at 1%	1,000
Next 400,000 at 2%	8,000
Remaining 449,000 at 3%	13,470
Total	22,470

(d) Computation of Mr Phoriner's income tax payable for YA 2019

	RM'000	RM'000
Director's remuneration (Note 1)		
RM11,500 x 6 months		69,000
Accommodation benefit from employer:		
RM13,000 x 6 months (Note 2)	78,000	
No restriction to 30% of remuneration		78,000
Remittance of foreign-sourced income (Note 3)		Exempt
Aggregate/Total income		147,000
No personal reliefs (Note 4)		Nil
Chargeable income		147,000
Tax at 28% (Note 4)		41,160

Notes

1. Mr Phoriner's director's remuneration is deemed derived from Malaysia as it is paid by a company resident in Malaysia and is therefore taxable in Malaysia.
2. Where free accommodation is provided to a non-service director of a controlled company, the accommodation benefit is not restricted to the 30% of employment income [(under s.13(1)(a)]. Artsy is a controlled company because it is controlled by three (not more than five) shareholders. Mr Phoriner owns 33% of the share capital of Artsy, so he is a non-service director (more than 5% of share capital) of Artsy.
3. Foreign-sourced income, when remitted to Malaysia, is specifically [Paragraph 28, Schedule 6] exempt from income tax.
4. As Mr Phoriner is non-Malaysian tax resident in YA 2019, he is not entitled to any personal reliefs, and he is subject to income tax at the fixed rate of 28%.

3 (a) LGE Sdn Bhd (LGE)

Treatment of rental income, expenses and building expenditure

Warehouse

Rental income – As LGE provides comprehensive maintenance and support services to the tenant, the rental income can be treated as business income [s.4(a)].

Rental expenses – As the property is rented out throughout the rental period, all the expenses (i.e. quit rent and assessment, security guard as well as repair, maintenance and cleaning expense) incurred in the production of the rental income are tax deductible.

Building expenditure – As the warehouse is used by the tenant in its business of providing storage space to the public, the warehouse is eligible for industrial building allowance (IBA). The applicable initial and annual allowance rates are 10% and 3% respectively.

[**Tutorial note:** *It should be noted that the disqualification of an IBA claim for special industrial buildings [under Paragraph 16B, Schedule 3] to landlords who are non-operators is not relevant as a warehouse used for storage of goods by the public is not specifically excluded.*]

Restaurant

Rental income

LGE is only providing security services to the tenant. It cannot be said that LGE is providing comprehensive maintenance and support services and hence, the rental income should be treated as passive rental income [s.4(d)].

The utility deposit received is not taxable; it does not form part of the income of the company, as it will be refunded at the end of the tenancy.

As LGE has received advance rental income for one year, the total amount of RM120,000 received must be brought to tax in YA 2018 [s.27].

Rental expenses

Expenses relating to the initial tenancy agreement are intrinsically capital in nature as these costs put LGE in a position to produce rental income. Moreover, such expenses are incurred in the pre-commencement period. The legal fees relating to the tenancy agreement are therefore not tax deductible. The security guard expenses from 1 July 2018 onwards are deductible, notwithstanding that rent is only charged from 1 September 2018 onwards.

Building expenditure

As the building is used as a restaurant, the building expenditure does not qualify for IBA. Conceptually, the moveable partitions can qualify as plant, but as the rental source is passive, no capital allowances are due.

(b) TP REIT (TPR)

(i) Special tax treatment for TPR

Deductibility of expenses

As the rental income is treated as a business source, all expenses or outgoings incurred wholly and exclusively in the production of rental income are tax deductible. In this respect, the tax deductibility rules are similar to that of a property investment company carrying on a business of letting property.

Deductibility of donations

Deductions in respect of cash donations made by TPR to approved institutions are restricted to 7% of aggregate income. In the case of a property investment company, the restriction rate is 10%.

Eligibility to carry forward of capital allowances and tax losses

Notwithstanding that the rental income is treated as a business source for TPR, it is specifically provided that any unabsorbed capital allowances, and excess of tax deductible expenses over income, cannot be carried forward for set off against future taxable profits. However, for a property investment company, any unutilised capital allowances and losses can be carried forward for set off against future taxable profits under normal tax rules.

(ii) Amount of total income to be distributed to be eligible for REIT income tax exemption

In order for a REIT to be tax exempt, it must distribute at least 90% of its total income. Therefore, for YA 2019, TP REIT must distribute at least RM4,185,000 to be eligible for the income tax exemption.

	RM'000
Statutory rental income	5,000
Dividend income from Singapore	Nil
Aggregate income	5,000
Less: Approved donation (restricted to 7%)	(350)
Total income	4,650
90% of total income	4,185

(iii) Tax treatment of distributions from REIT to unit holders

Assuming that TPR qualifies for the REIT income tax exemption [s.61A], the tax treatment of REIT distributions in the hands of the unit holders is as follows:

– **Malaysian resident companies**
In respect of the income exempt from income tax under the REIT exemption [s.61A], TPR will pay the gross distribution amount in full without any withholding tax at source.

The resident company must report the gross distribution in its annual tax return. The tax rate applicable to such a REIT distribution is the tax rate/s applicable to the recipient company (i.e. at the standard rate of 24% or a combination of the 18% and 24% rates depending on whether the recipient company is a small or medium enterprise, as defined).

– **Malaysian resident individuals**
TPR is required to withhold tax at 10% at source from the distribution and pay over the tax withheld to the Director General within one month after the date of the distribution.

The individuals are not required to report the distribution in their annual tax return. Therefore, the 10% tax withheld represents the final tax on the REIT income for the individual unit holders.

– **Non-Malaysian resident companies**
The tax treatment of the distribution by TPR to non-resident companies is similar to that for residential individuals except that the applicable rate is 24%.

– **Non-Malaysian resident individuals**
The tax treatment of the distribution by TPR to individual unit holders who are non-resident in Malaysia is similar to that for resident individual unit holders (i.e. 10% withholding tax at source as the final tax).

Where the TPR distributes out of dividend income from Singapore, which is exempt from Malaysian tax, the income distributed is not taxable, regardless of the status of the unit holders.

4 (a) Timothy and Joanna

Inheritance of land by Timothy
When the executor transferred the land to Timothy, being the beneficiary of his father's estate, the land is treated as acquired by Timothy on 4 April 2011 (i.e. the date the land is transferred to him). The acquisition price is the market value of the land at the date of transfer of the land (i.e. RM1,000,000).

Receipt of compensation for damage to the land on 10 May 2014
The compensation received by Timothy for the damage caused to the land must be deducted from the acquisition consideration of the property. Where the sum received exceeds his acquisition price, the amount of the excess shall constitute a chargeable gain accruing to Timothy at the time when he receives that sum.

	RM
Acquisition price	1,000,000
Less: Compensation received	(2,500,000)
Deemed chargeable gain	1,500,000
Acquisition date: 4 April 2011	
Disposal date: 10 May 2014	
RPGT rate: 20% (fourth year of acquisition)	300,000

Thereafter, the acquisition price of the property in relation to any subsequent disposal of that asset, shall be taken as nil.

Tutorial note: *This is not a deemed disposal. Therefore the Schedule 4 exemption does not apply and hence there is no 10% exemption.*

Gift of property by Timothy to Joanna
Where a donor disposes an asset by way of a gift to a recipient, the disposal shall be taken to be the market value.

However, the transaction shall be deemed to be a 'no-gain-no-loss' (NGNL) transaction where:

– the donor is a Malaysian citizen, and

– the donor and the recipient are parent and child, and provided that

– the gift is made within five years of acquisition of the asset.*

* **Note:** *This condition has been deleted with effect from 1 January 2019.*

As the gift is made by Timothy to Joanna in the fourth year of acquisition (acquisition date – 4 April 2011; disposal date – 30 March 2015), the transaction shall be regarded as a NGNL transaction.

Joanna shall be deemed to acquire the asset at an acquisition price equal to the acquisition price paid by Timothy plus any permitted expenses incurred by Timothy.

	RM
Acquisition price to the donor (i.e. Timothy)	Nil
Permitted expenses – construction of warehouse	800,000
Acquisition price to Joanna	800,000

Disposal of property by Joanna

The disposal of the property by Joanna will be subject to RPGT. As the sale agreement of 14 March 2019 is conditional upon the State Government's consent, the date of disposal will therefore be determined when the State Government's consent was obtained (i.e. 19 May 2019).

The RPGT liability for the disposal is computed as follows:

	RM
Disposal price	2,800,000
Less: Acquisition price	(800,000)
Chargeable gain	2,000,000
Less: Exemption (RM10,000 or 10% of chargeable gain)	(200,000)
Gain subject to RPGT	1,800,000
Disposal date: 19 May 2019	
Acquisition date: 30 March 2015	
RPGT liability (15% i.e. fifth year of acquisition)	270,000

(b) Malas Patuh Sdn Bhd (MPSB)

(i) Every company in Malaysia is required to file an annual income tax return for each year of assessment, regardless of whether the company is profitable or loss making.

Where a person for a year of assessment has not furnished a return, the Director General of Inland Revenue (DGIR) may, according to the best of his judgement, determine the amount of the chargeable income of that person for that year and make an assessment accordingly [s.90(3)].

Therefore, the Inland Revenue Board (IRB) is authorised to make estimated assessments on MPSB.

Generally, there is a time limit of five years for the DGIR to raise assessments or additional assessments unless it appears to him that any form of fraud or wilful default has been committed or the person has been negligent, in which case there is no time bar [s.91].

Since MPSB has been negligent in failing to submit tax returns, the time limit of five years is not applicable; the assessments raised by the IRB from the years of assessment 2011 to 2017 are valid.

(ii) As MPSB has already been served with the notices of assessment, the company must appeal in writing by 27 June 2019 (i.e. within 30 days after the date of the notices of assessment). In the appeal, MPSB must clearly set out the grounds for the appeal. MPSB should prepare and submit the tax computations for the years of assessment 2011 to 2017, showing that the company was loss-making, and, hence, has no tax payable.

The DGIR will then review the case; if they are satisfied that there was no tax payable, they will issue reduced assessments to discharge the tax liability for the relevant years.

However, in practice, the DGIR will likely maintain the penalty for the non-submission of tax returns.

[**Tutorial note:** *The maintenance of the penalty in a non-liable case appears to run contrary to s.112(3) which states that the penalty shall be treble the amount of tax charged.*]

The tax losses computed can be carried forward to be utilised against future profits of the company.

(c) Goods and services tax (GST)

The provision of management services is treated as a taxable supply for GST purposes. Dividend income received by Gading Sdn Bhd (GSB) is out of scope of GST, and interest received from bank deposits is an exempt supply.

As GSB has both taxable and exempt supplies, the company would be treated as a mixed supplier. It should be noted that the interest income cannot be treated as incidental financial exempt supplies because the rules applicable to incidental financial exempt supplies specifically exclude an investment holding company. Accordingly, GSB cannot be treated as a wholly taxable supplier.

As a mixed supplier, GSB is not eligible to claim the full amount of input tax incurred. The input tax relating to expenses which are directly attributable to the provision of management services, being a taxable supply, can be claimed in full. However, the common expenses relating to both taxable and exempt supplies have to be apportioned, and only the portion relating to the taxable supplies can be claimed.

					Marks
1	(a)	(i)	**AIE incentive**		
			How PBSB eligible for AIE		
			Resident, manufacturing		0·5 + 0·5
			Increase in exports and applicable rate		2 + 1
			Mutual exclusion with RA		1
				Available	5
				Maximum	4
		(ii)	Computation of tax savings – AIE		3
	(b)	(i)	**MITC incentive**		
			How NSB fulfills MITC conditions 0·5 + 4 x 1		4·5
			Certificate from MATRADE		1
				Available	5·5
				Maximum	5
		(ii)	Computation of tax savings – MITC		3
	(c)	(i)	**Diversification project – RA**		
			Why eligible for RA 0·5 + 0·5 + 3 x 1		4
			Exclusion		1
					5
		(ii)	Computation of tax savings – RA		2
	(d)	**Tax planning**			
		NSB claiming MITC incentive – tax saving			1
		PBSB claiming AIE – tax saving			1
		Mutual exclusion with RA			1
		Conclusion			1
				Available	4
				Maximum	3
	(e)	**Deductibility of feasibility study**			
		Arguments for deductibility			1·5
		Arguments for non-deductibility			1·5
		Conclusion			1
				Available	4
				Maximum	3
	(f)	**Distribution of dividends**			
		Single-tier dividend, restricted to retained earnings, exempt under law			1 + 1
		Exempt dividend, restricted to retained earnings and exempt account, 2-tier			2
				Available	4
				Maximum	3
	Professional marks				
	Format and presentation of the report				1
	Clarity and effectiveness of communication including logical flow				2
	Approach to problem solving				1
					4
					35

		Marks
2 Mr Phoriner and Artsy Sdn Bhd		
(a) (i) Phoriner – residence status for YA 2019		2
(ii) Residence planning		
YAs 2020 and 2021		1 + 1 + 1 + 1
YA 2022		1 + 1
	Available	6
	Maximum	5
(b) (i) Basis periods for YAs 2019 to 2021 1 x 3		3
(ii) Compliance requirements		4
(c) Stamp duty		
Market value		1
Calculations		1
		2
(d) Computation of tax payable		
Director's remuneration, amount, why derived in Malaysia even though paid to Singapore		1 + 1 + 1
Accommodation benefit: amount, why no restriction to 30%: controlled company, non-service director		1 + 1 + 0·5 + 0·5
Foreign income remitted: exempt		1
Taxed as non-resident: no reliefs, fixed rate of 28%		1 + 1 + 1
	Available	10
	Maximum	9
		25

			Marks
3	**(a)**	**Warehouse**	
		Rental income	1
		Rental expenses	1
		Building expenditure	0·5 + 0·5
		Restaurant	
		Rental income *per se* [s.4(d)]	1
		Rental income – advance income/utility deposit	1 + 0·5
		Rental expenses – deductibility pre-rental/significance of 1 July 2018	1 + 1
		Building expenditure/partition	1 + 1
		Available	9·5
		Maximum	8

			Marks
(b)	**(i)**	**TP REIT**	
		Deductibility of expense/donation	1·5 + 1·5
		Eligibility to carry forward CA/losses	1 + 1
			5
	(ii)	Rate of distribution	0·5
		Computation	1·5
			2
	(iii)	**Distribution from income exempted under REIT tax exemption**	
		Resident company (gross distribution/taxed at unit holders)	0·5 + 0·5
		Resident individual (WHT/final tax)	0·5 + 0·5
		Non-resident company (WHT/final tax)	0·5 + 0·5
		Non-resident individual (WHT/final tax)	0·5 + 0·5
		Distribution of income from foreign dividend	1
			5
			20

	Marks
4 (a) Timothy and Joanna	
Acquisition from father's estate (acquisition date/price)	1 + 1
Receipt of compensation for injury to land	
Treatment	1
Computation of deemed chargeable gain	2
Disposal by way of gift	2·5
Disposal of property	
Treatment	1
Computation of RPGT liability	2·5
Available	11
Maximum	10
(b) Malas Patuh Sdn Bhd	
(i) Need to file whether profit or loss	1
DG empower to issue assessment based on best judgement	1
Time limit not applicable	1
	3
(ii) Appeal within 30 days	1
Specify grounds of appeal, submit tax computations with nil tax	0·5 + 0·5
DG review and discharge liability, penalty may stay	0·5 + 0·5
Losses can be used	1
Available	4
Maximum	3
(c) GST	
Output tax treatment for each category	0·5 + 0·5 + 05
Mixed supply/not qualify as IFES	0·5 + 1
Input tax treatment	0·5 + 1
Available	4·5
Maximum	4
	20