
Answers

1 Report to ABC Sdn Bhd

From Tax Firm
To Chairman, Board of directors, ABC Sdn Bhd
Date 4 December 2018

This report considers the key tax issues of the ABC Group's plan to venture into research and development (R&D) leading onto the production of poultry feed.

(a) Proposed R&D activity

After due consideration, Tax Firm is of the view that the R&D activity may be viably undertaken (1) by ABC Sdn Bhd (ABC), or (2) by a newly-incorporated 100% subsidiary: Company X.

(1) Under ABC

If ABC undertakes the R&D activity, it may apply to the Minister of Finance (MoF) for approved R&D status under the Income Tax Act [s.34A] to qualify for a double deduction of the expenses directly related to research. The capital expenditure on equipment will qualify for capital allowances at the normal rates.

In addition, ABC may also apply for the tax incentive of in-house R&D under the Promotion of Investments Act (PIA)[s.27E]. If successful, ABC will be eligible for an investment tax allowance (ITA) of 50% of the qualifying capital expenditure, to be set off against 70% of statutory income of the year of assessment (YA). Any unabsorbed allowance may be carried forward until fully utilised.

(2) Under new Company X

The new Company X will carry out the R&D activities in Malaysia on behalf of its holding company, ABC. It therefore fulfils the definition [in s.2 of PIA] of a research and development (R&D) company. As Company X will carry out R&D activities in Malaysia and render R&D services to ABC, a related company, it may apply to the MoF for approval [under s.27D of PIA] as an R&D company.

If approved, it will be eligible for ITA at the rate of 100% of qualifying capital expenditure to be set off against 70% of the statutory income of that YA. Any unabsorbed amount may be carried forward until fully utilised.

ABC, being a related company paying fees for R&D to Company X, will not qualify for the double deduction [under s.34B] for R&D fees. However, ABC is eligible for a single deduction [under s.34(7)] for 'scientific research related to its business and directly undertaken by him or on his behalf' as the research is scientific in nature and is related to the by-product of its milling activity.

Alternatively, Company X may opt to apply for the status of R&D company without applying for the ITA. This will enable ABC to claim a double deduction in respect of the R&D fees it pays to Company X.

(b) Production of the poultry feed

There are two alternatives for the production of the poultry feed: it may be undertaken by (1) DEF, or (2) by a new Company Y, as explained below.

(1) By DEF

DEF's current trade is the manufacturing of speciality oils for the food industry. If it takes on the production of poultry feed, it will likely be able to justify that it is diversifying within the food industry. This will therefore constitute a qualifying project for reinvestment allowance (RA) and DEF will be able to claim, in addition to the capital allowances, another 60% of the qualifying capital expenditure. The RA is available for set off up to a maximum of 70% of the statutory income from the poultry feed business for a YA. Any unabsorbed RA may be carried forward until fully utilised.

[Tutorial note: The tax partner's specific instruction is to consider tax incentives available under the Income Tax Act, and therefore only RA is available/relevant. Investment tax allowance is an incentive available under the Promotion of Investments Act.]

(2) By new Company Y

A new Company Y will not be eligible for reinvestment allowance but it will be able to apply for investment tax allowance (ITA) or pioneer status (PS), given that poultry feed is a promoted product.

As Company Y will take at least three years before it becomes profitable, PS is not a beneficial incentive: there will not be any profit to enjoy the tax exemption for the first three years, and therefore only two years will effectively enjoy tax relief.

Under ITA, 60% of the qualifying capital expenditure of RM13 million is eligible for set off against up to a maximum of 70% of the statutory income for a YA from the poultry feed business. Any unabsorbed ITA may be carried forward from the initial years to be set off against the statutory income from the fourth year onwards until fully utilised. ITA is therefore a better incentive measure to go for.

(c) Computation of tax savings to the ABC Group

We have computed the potential tax savings and tax balances for each of the scenarios in the Appendix attached herewith.

(d) Our recommendations

R&D

Having ABC carry out the R&D activity as an approved R&D [s.34A, Income Tax Act] AND an in-house R&D [s.27E, PIA] yields a tax saving of RM3 million. This compares very favourably to the scenario where new Company X carries out the R&D, as the latter manages to produce tax savings of only RM2.64 million. The tax difference of RM360,000 is substantial and merits consideration. Moreover, as the existing plantation business is very profitable and therefore paying taxes, the tax savings from the RM3 million deduction will arise within the first year itself.

We recommend that ABC undertakes the R&D activity.

Production of poultry feed

Interestingly, both options produce the same amount of tax savings. Accordingly, to give a recommendation, other factors should be considered.

Although claiming RA is not subject to a prior approval process, DEF's claiming RA does potentially mean that the Inland Revenue Board (IRB) may dispute the claim on interpretation of terms such as 'diversification', factory space and plant and equipment directly used in the production process, etc.

By contrast, ITA requires prior approval from the Malaysian Investment Development Authority (MIDA). Once the approval is obtained, the claiming process is fairly straight forward and not fraught with interpretational issues.

The ABC Group should not encounter difficulties in securing the requisite approval from MIDA. We therefore recommend that the Group incorporates a new company to undertake the production of poultry feed, and apply for ITA.

(e) Our recommendation if an exit is planned for the fifth year

R&D activity

If the ABC Group is planning to dispose of the R&D outfit and the poultry feed production facility in the fifth year of operation, our recommendation will have to take into consideration the exit strategy.

With regard to the R&D activity, if ABC were to take it on, any subsequent disposal will have to be an asset sale rather than a share sale. This means that the R&D business assets and liabilities will have to be identified and kept separate and distinct from those of the plantation business, which may prove difficult in practice.

If Company X were to take on the R&D activity, a subsequent sale will simply mean a disposal of the shares of the company.

On balance, it is conceivably much simpler and less problematic to sell the shares of a company rather than sell one of the component businesses of an entity. Our recommendation will therefore be revised: that a new Company X should be incorporated to undertake the R&D activity if an exit is envisaged within five years.

[Alternative argument

The recommendation for R&D remains unchanged as ABC may just dispose of the R&D assets which are clearly identifiable from the oil palm plantation and mill business. In addition, the R&D undertaken by ABC is more tax efficient and RM360,000 tax savings is undeniably a substantial amount.]

Poultry feed

As for the production of poultry feed, a disposal of assets for which RA or ITA has been claimed will be subject to a 'claw-back', i.e. a total withdrawal of the allowances, if the disposal occurs within five years for RA [paragraph 2A(1), Schedule 7A], and within two years for ITA [s.30A, PIA].

Therefore, our recommendation will still be for a newly-incorporated Company Y to be the vehicle for the poultry feed production facility because a disposal within five years but after two years will not trigger the 'claw-back'. Additionally, the sale of the shares of a company obviously involves a much simpler process when compared to the sale of a component business.

End of report

Appendix

Computation of tax savings and tax balances

	RM'000	Tax savings RM'000
R&D carried out by ABC		
R&D expenses RM4 million x 2	8,000	
In-house R&D ITA – RM3 million at 50%	1,500	
CA claim on R&D equipment at 100%	3,000	
Deductions	<u>12,500</u>	
Tax savings to the ABC/Group at 24%		<u>3,000</u>

	RM'000	Tax savings RM'000
R&D carried out by Company X		
ITA – RM3 million x 100%	3,000	
CA claim on R&D equipment at 100%	3,000	
R&D claim by ABC as payer of fees, single deduction	<u>4,000</u>	
Deductions to the ABC Group	10,000	
Tax savings to the Group at 24%		<u>2,400</u>
Alternative		
ITA	Nil	
CA claim on R&D equipment at 100%	3,000	
R&D claim by ABC as payer of fees, double deduction	<u>8,000</u>	
Deductions to the ABC Group	11,000	
Tax savings to the Group at 24%		<u>2,640</u>
Note:		
The higher benefit of the two is produced by the alternative under which Company X does not claim ITA to facilitate ABC's claiming double deduction.		
Production of poultry feed by DEF		
RA – RM13 million x 60%	7,800	
CA claim by DEF at 100% of RM13 million	<u>13,000</u>	
Total deductions claimed by the ABC Group	20,800	
Tax savings to the Group at 24%		<u>4,992</u>
Production of poultry feed by Company Y		
ITA – RM13 million x 60%	7,800	
CA claim by Y at 100% of RM13 million	<u>13,000</u>	
Total deductions claimed by the ABC Group	20,800	
Tax savings to the Group at 24%		<u>4,992</u>

2 Ms Dei

(a) Treatment of property disposals

(i) Kuala Lumpur condominium

Arguments for treating the gain as income

- Efforts to improve and enhance the asset were made, making it more saleable.
- She had a related interest: as an architect, she is trained in the field of property design, so she was acting in a professional mode. Her knowledge of the property market and her experience afford her an advantage.
- Though her professed intention was for personal occupation, her action, i.e. putting it on the market after barely two years, indicated otherwise.
- This was a repeat of an earlier endeavour which yielded a profit: there is a pattern which indicates profit-seeking motive.
- The property was put on the market: a buyer was sought out, it was not fortuitous.

Arguments for treating the gain as capital

- Ms Dei lived in the condominium: it was her home, therefore her capital asset.
- The property was financed partly from the gain of a previous home, so financially, this is not a position where there must have been an intended fast resale to repay financing.
- As the earlier transaction was a capital transaction, this transaction should not be regarded as part of a pattern of profit-seeking motive.
- No frequency, hence no repetition, is established.
- Putting the property on the market does not, by itself, conclusively prove the profit-seeking motive.

Conclusion

This was not an adventure in the nature of trade, as the profit-seeking motive was not strongly substantiated, and there was not enough frequency to establish a pattern.

Alternative conclusion

It was an adventure in the nature of trade because of her previous record of dealing in property, her knowledge in the related field, the work done to improve the saleability of the property, the short holding period and the effort made to sell.

(ii) Disposal of *Durian Haven***Argument for capital gain**

- As the five-acre agricultural land was inherited, not purchased, it would be difficult to argue that it was acquired with the intention to turn over for profit.
- The fencing, the roads and the planting of prized durian trees were done to make it safe and enjoyable for weekend visits to the farm: all for personal enjoyment.
- Ms Dei did not actively seek out a buyer: the buyer made an unsolicited offer.
- The holding period of eight years is by no means short: the long holding period arguably supports the contention that the property was held as an investment.
- Overall: no profit-seeking motive.

Argument for revenue gain

- Installing fencing, building roads and planting fruit trees are deliberate actions to improve and enhance the value of the land. Work done to make the asset more marketable supports the contention that a trade intention exists.
- This is the second time Ms Dei is dealing in real properties: frequency.

Conclusion

The gain of disposal is capital in nature as the profit-seeking motive is not substantiated.

(iii) Petaling Jaya (PJ) terraced house

What Ms Dei did with the PJ house is no different from any other house owner. The property was a capital asset of Ms Dei, and upon its disposal, the gain therefrom would clearly be capital in nature. Under real property gains tax, a citizen is entitled to zero rating after holding the asset for more than five complete years.

The fact that Ms Dei subsequently engaged in more property transactions should not retrospectively affect or change the nature of this transaction in 2016.

(b) Design service income**(i) Business income for 2017**

'Business' is defined to include profession, vocation and trade and every manufacture, adventure or concern in the nature of trade, but excludes employment.

Ms Dei is, by profession and training, an architect. The services she renders to her friends and friends' friends are professional services, which are no different from what she does in her employment capacity, except that she does them on her own behalf and she is directly remunerated for the services. Although she does them in her spare time, she nevertheless carries out the activity in an organised manner, having a studio-office in her home. In this case, it is not a hobby to her. Even if it is a hobby, it does not preclude it from being a business.

(ii) Business income for 2018

RM50,000 from the Singapore client is part of the business income derived from Malaysia. The business is carried out from her studio-office in Kuala Lumpur. The Singapore assignment is essentially carried out from Malaysia as the core design work was done in Malaysia. The visits to Singapore to assess the site, discuss the terms and determine the instructions were preparatory in nature. The design work was the activity which yielded the income and this activity took place in Malaysia. Hence the RM50,000 from the Singapore assignment was derived in Malaysia and is duly subject to tax in Malaysia.

The tax deductions in arriving at the adjusted income from the business are likely to include:

- the cost of maintaining the studio-office,
- the rental, repair and maintenance expense of any office equipment, computer system, etc used in the business,
- the stationery and office supplies, and
- the travelling expenses to clients' premises, including to Singapore.

(c) Potential offence and action needed**YA 2017**

By not reporting the business income for YA 2017, Ms Dei has submitted an incorrect tax return and understated income. This is an offence under the law [s.113(2)].

Ms Dei can rectify the situation by filing an amended return for YA 2017 to include the income from the design fees. Reasonable deductions which fulfil the deductibility tests and capital allowance for assets used in the business may be claimed against the gross fees of RM70,000.

This amended return must be completed/submitted within six months of the due date of furnishing the return for YA 2017, which is six months after 30 June 2018, i.e. 31 December 2018. In this amended return, Ms Dei must include the late payment penalties of 10% + 5% in relation to any under-declared tax.

YA 2018

As the tax return for YA 2018 is only due to be furnished by 30 June 2019, no offence has been committed yet.

In addition to her employment income, Ms Dei must ensure that the RM150,000 is included as her business income, from which may be deducted expenses and capital allowances.

3 Welcome Hospitality College Sdn Bhd (WHC)

(a) Replacement of the gas pipe system

The gas pipe system performs the active function of conveying gas to the kitchen equipment. In line with case law definition, it qualifies as 'plant'.

A repair and renewal involves the replacement of a subsidiary part of the whole asset (the entirety). Generally, repair and renewal, which do not materially add to the value nor appreciably prolong the life of an asset, but merely keep it in good and efficient operating condition, are deductible. If the replacement of the asset is of its entirety, then it will not be deductible, as it does not constitute repair and renewal. Only the replacement of a part of the assets will rank for deduction.

The company is replacing the entire gas pipe system. As the entire gas pipe system is being replaced, the cost does not constitute repair and renewal and, therefore, is capital in nature and is not eligible for outright deduction.

Instead, the replacement cost qualifies as plant expenditure, eligible for capital allowances as the asset is used in the company's business.

(b) Proposal to transfer the new campus property to WHC

The construction or purchase of a building by a person for an educational institution approved by the Minister of Higher Education can be treated as an industrial building. However, no allowance will be given where the building or part thereof is used by a person for the purpose of letting of property including the business of letting of property. In other words, in order for the educational building to be eligible for industrial building allowance (IBA), the owner must operate the college operations as well. Therefore, where Tanah Sdn Bhd (Tanah) constructs the campus building and thereafter lets it out to WHC, Tanah is not eligible to claim IBA.

If Tanah transfers the campus property to WHC, the latter, as the owner-operator, will be eligible to claim IBA. The IBA can then be used to shelter against the college business income of WHC.

Tax avoidance

The general anti-avoidance provision provides that where the Director General of Inland Revenue has reasons to believe that any transaction has the direct or indirect effect of altering the incidence of tax which is payable or which would otherwise have been payable by any person, he may disregard or vary the transaction and make such adjustments as he thinks fit for tax purposes with a view to counter-acting the whole or any part of any such direct or indirect effect of the transaction [s.140, the Income Tax Act].

[Tutorial note: The above is without prejudice to such validity as the transaction may have in any other respect or for any other purpose, other than tax.]

However, based on established case law, if a transaction is capable of justification by reference to ordinary business dealings without necessarily being labelled as a means to avoid tax, then the arrangement should not be caught by the anti-avoidance provision. It is, therefore, of great importance that the taxpayer is able to demonstrate that any transaction entered into is driven by commercial expediency, and that any tax benefit derived is purely incidental, in order for it to counter any challenge of tax avoidance by the tax authorities.

In the present case, Tanah is currently holding the land and in the midst of constructing the new campus. The question then is whether the transfer of the new campus property to WHC can be supported with commercial rationale. As WHC is the college operator, it makes sense for WHC to acquire the property instead of leasing it from Tanah. In addition, as Tanah is only involved in the business of residential accommodation for students, it had never let out any campus property and, therefore, the transfer of the new campus property to WHC would allow it to rationalise its property holdings.

Therefore, WHC should be able to argue that the proposed transfer of the new campus property has commercial justification and it should reasonably be able to argue against an invocation of the anti-avoidance provisions.

(c) GST implications on transfer of property

The transfer of the new campus property, being a commercial property, is a taxable supply. As the value of the supply is more than RM500,000, this would result in Tanah breaching the GST registration threshold. As such, Tanah will be required to register for GST and, thereafter, charge GST on the transfer of the campus property.

To WHC, the new campus property would be used to provide education services. As education services is an exempt supply, it would not be eligible to claim input tax on the transfer of the campus property. The GST charge by Tanah therefore will become an additional cost to WHC.

Notwithstanding that WHC and Tanah are within the same group, they are not eligible for the grouping provision: grouping provision is applicable only where both the transferor and transferee are wholly taxable suppliers. As WHC is a mixed supplier (by providing exempt education services), the grouping provision is not applicable.

In addition, relief under the transfer of a business on a going concern (TOGC) is unlikely to apply as there is no transfer of business. Tanah is merely transferring the campus property under construction which does not constitute a business for GST purposes.

4 (a) (i) Mas

Transfer of the office block

The transfer of the office block from Mas to Selamat Datang Sdn Bhd (SD) is a disposal of chargeable asset, and would attract real property gains tax (RPGT).

There is, however, relief as provided under law [paragraph 3(b), Schedule 2] which states that the disposal price shall be deemed to be equal to the acquisition price, i.e. no-gain-no-loss (NGNL), if:

- the transaction involves the transfer of an asset
- owned by an individual, by his wife or by an individual jointly with his wife or with a connected person
- to a company (whether or not resident in Malaysia) controlled by the individual, by his wife or by the individual jointly with his wife or with a connected person
- for a consideration consisting of shares in the company or for consideration consisting substantially of shares in the company and the balance of a money payment.

As SD is a company controlled by Mas and her daughter, Linda, and the consideration for the transfer is entirely in the form of shares in SD, the transfer may be regarded as a NGNL transaction.

Therefore, Mas will not face an immediate exposure to RPGT arising from the transfer. The shares in SD thus acquired by Mas represent a chargeable asset to her.

Acquisition price and date of the office block to SD

As a NGNL transaction, SD will inherit the original acquisition price of the office block of RM6 million even though SD has paid RM10 million for the property. The date of acquisition of the property, however, would be based on the date of transfer of the property.

(ii) Suggestion to maximise tax efficiency

The application of NGNL to the transaction merely represents a deferment of the RPGT exposure. In the present case, as Mas has held the property for more than five years and the applicable RPGT rate is nil, the application of the NGNL provision is not beneficial. In order to fall outside the scope of the NGNL provision, consideration may be given to transfer the property to SD in consideration for cash. In such a case, the conditions for the no-gain-no-loss provision cannot be met and normal RPGT provisions would then apply. This would mean that Mas would have a chargeable gain of RM4 million (RM10 million less RM6 million) but as the RPGT rate is nil, there is no RPGT exposure. To SD, the acquisition price of the property for RPGT purposes is RM10 million, thereby minimising RPGT exposure on the subsequent disposal of the property.

(b) Purchase of own shares

The repurchase of a company's own shares relates to the equity structure of the company; it is therefore regarded as capital in nature. It follows that the cost of purchasing its own shares would not be eligible for a tax deduction.

As dealing in its own shares is not the ordinary course of business activities of the company, such a transaction would be regarded as capital in nature; any gains will not be taxable while any loss will not be deductible.

The subsequent cancellation of the shares will similarly not have any income tax implications.

(c) Siew Mai Sdn Bhd (SM)

(i) Revised monthly instalment

	RM
Revised tax estimate	180,000
Tax instalment paid (RM120,000/12 months x 4 months)	<u>(40,000)</u>
	<u>140,000</u>
Revised instalment payment (RM140,000/8 months)	<u>17,500</u>

(ii) Increased profits – course of action available

As SM is now in its ninth month of the basis period (April – December 2018), there is time until the end of December 2018 to submit an increased tax estimate of up to RM350,000.

(iii) Excessive difference – computation of penalty

The law [s.107C(10)] stipulates that where the final tax liability exceeds the revised tax estimate by more than 30%, the amount in excess of the 30% will be subject to a 10% penalty.

In this case, if no action is taken under (ii) above, and assuming the final tax liability of SM is RM400,000, the penalty for under-estimation of tax for the year of assessment 2019 is calculated as follows:

	RM
Final tax liability	400,000
Less Revised tax estimate	<u>(180,000)</u>
Balance of tax payable	220,000
Less 30% of final tax liability	<u>(120,000)</u>
Excessive difference	100,000
Penalty at 10%	<u>10,000</u>

	<i>Marks</i>
1 (a) R&D activity	
Under ABC	
Incentive: approved research – double deduction, normal CA	1 + 1 + 0.5
Incentive: in-house R&D – 50% ITA, 70% of SI, c/f	1 + 0.5 + 0.5
Under Company X	
Incentive: R&D company, eligibility, 100% ITA, 70% SI, c/f	1 + 0.5 + 0.5
ABC's single deduction	1
Alternative: X to forgo ITA, ABC to claim double deduction	0.5 + 0.5
	8.5
Available	8.5
Maximum	7
(b) Production of poultry feed	
By DEF	
RA: why eligible: diversification, basis, qualifying project	1 + 1 + 0.5
RA claim: 60% of QCE against 70% SI	0.5 + 0.5
By Company Y	
ITA or pioneer: pioneer ruled out	1 + 0.5
ITA: 60%, c/f, against 70% SI	0.5 + 0.5
	6
(c) Computation of tax savings	
R&D carried out by ABC	2
R&D carried by Company X – 1.5 x 2 alternatives	3
Production of poultry feed by DEF	1.5
Production of poultry feed by Company Y	1.5
	8
(d) The recommendations	
R&D – basis	1 + 2
Production of poultry feed – basis	1 + 2
	6
(e) Recommendations with exit in mind	
R&D – change, basis	1 + 1
Production of poultry feed – same, basis	1 + 1
	4
Professional marks	
Format and presentation of the report	1
Clarity and effectiveness of communication including logical flow	2
Appropriate use of appendix	1
	4
	35

		<i>Marks</i>
2	(a) (i) KL condominium – adventure in the nature of trade?	
	Arguments for revenue	2·5
	Arguments for capital	2·5
	Conclusion	1
		<hr/> 6
	(ii) Durian Haven – capital or revenue?	
	Argument for capital	2·5
	Argument for revenue	1·5
	Conclusion	1
		<hr/> 5
	Available	5
	Maximum	<hr/> 4
	(iii) Gain on sale of terraced house	
	Capital asset, capital gain	1
	RPGT, citizen, more than five years, zero rating	1
Subsequent development should not change nature	1	
	<hr/> 3	
Available	3	
Maximum	<hr/> 2	
(b) (i) RM70,000 is business income		
'Business' defined	0·5	
Why business income	2·5	
	<hr/> 3	
(ii) Singapore assignment – derived from Malaysia?		
Business carried on in KL, basis	1	
Why Singapore assignment income is derived from Malaysia, activity, where carried out	1 + 1 + 1	
Deductions: 0·5 x 4	2	
	<hr/> 6	
(c) Potential offence and corrective measure		
YA 2017		
Offence – incorrect return	1	
Corrective measure – amended return	1	
Within six months, date; penalties 10% + 5%	1	
YA 2018		
No offence yet	0·5	
Ensure disclosure	0·5	
Return by 30 June 2019	1	
	<hr/> 5	
Available	5	
Maximum	<hr/> 4	
	<hr/> 25	

		<i>Marks</i>
3 (a)	Constitute 'plant', reason	1 + 1
	Deduction rules on repair/renewals	1
	Replacement of entirety v part of asset	1
	Capital in nature, qualify for CA	1 + 1
	Available	<u>6</u>
	Maximum	<u>5</u>
(b)	Building approved by MOHE	1
	Owner/operator	0.5 + 1
	Application to Tanah/WHC scenario	2
	Anti-avoidance rule	2
	Commercial basis	1
	Analysis	2
	Available	<u>9.5</u>
	Maximum	<u>9</u>
(c)	New campus is a taxable supply	1
	Triggered registration threshold	1
	Register and charge GST	1
	GST not recoverable to WHC	1
	Grouping provision not applicable + reason	1 + 1
	TOGC + reason	1 + 1
	Available	<u>8</u>
	Maximum	<u>6</u>
		<u>20</u>

		<i>Marks</i>
4 (a) RPGT – Mas		
(i)	Subject to RPGT, reason	1
	Relief: NGNL + reasons	1 + 1
	Why NGN applicable to Mas	1
	Consideration in the form of shares in transferee company is chargeable asset	1
	Disposal by SD	
	Acquisition price of Mas is deemed acquisition price of SD	1
	Acquisition price	1
	Acquisition date	1
		<hr/>
	Available	8
		<hr/>
	Maximum	7
		<hr/>
(ii)	NGNL merely deferment	0.5
	Better for normal provision to apply	0.5
	Change consideration to cash	1
	Resultant treatment	1
		<hr/>
		3
		<hr/>
(b) Purchase of own shares		
	Purchase of own shares – relate to equity structure/not tax deductible	1 + 1
	Resale of shares – not normal business dealings/not taxable	1 + 1
	Cancellation of shares	1
		<hr/>
	Available	5
		<hr/>
	Maximum	4
		<hr/>
(c) Siew Mai Sdn Bhd		
(i)	Revised tax instalments	<hr/> 2
(ii)	Revise tax estimate in ninth month, by 31 December 2018, to RM350,000	<hr/> 2
(iii)	Compute excessive difference and penalty	<hr/> 2
		<hr/>
		20
		<hr/>