



**FINAL EXAMINATION**  
**DIPLOMA OF ACCOUNTANCY**

**COURSE : TAXATION 2**

**COURSE CODE : TAX2023**

**DURATION : 2 HOURS**

**INSTRUCTIONS TO CANDIDATES :**

1. This question paper consists of **THREE (3)** questions.
2. Answer ALL questions.
3. Please check to make sure that this examination pack consists of :
  - i. The Question Paper
  - ii. An Answer Booklet
  - iii. Appendix
4. Do not bring any material into the examination hall. The use of a calculators is allowed.
5. Please write your answer using permanent ink.

**MYKAD/ PASSPORT NO. :** \_\_\_\_\_

**ID. NO. :** \_\_\_\_\_

**LECTURER :** \_\_\_\_\_

**SECTION :** \_\_\_\_\_

---

**DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO**

---

*The question paper consists of 6 printed pages including front page*

**QUESTION 1**

- a. Discuss whether the following transactions are subject to withholding tax. Where relevant, state the rate(s) imposed, section (if any) and the amount of withholding tax (if applicable).

*Note: Each of the following transactions should be assessed independently.*

- i. Royalties and rental of computer hardware were paid to Micro Digital Ltd, a China company, amounting to RM250,000 and RM200,000 respectively.
- ii. A commission of RM40,000 was paid to Trivago Ltd, a German company, for introducing new customers. The commission received is not business income to the company.
- iii. The gross contract value of RM30 million was made to Arigato Shimizu Corp, a Japan construction company for the construction of a theme park in Escape Park, Penang.
- iv. On 2 April 2022, Michle Doohan won the MotorGP 2022 World Championship in Sepang, Malaysia, and was awarded RM350,000 for his win.
- v. Payment of RM25,000 on 20 June 2022 made to Najmuddin Qobra, an Iranian speaker for the religious lectures that took place at Masjid Terapung, Kuala Terengganu on 31 May 2022.

(22 marks)

- b. Seventeen Entertainment Music Bhd (SEMB) is a resident company in Malaysia involves in the entertainment industry since 2010. In 2022, SEMB was appointed as an organizer for stage performance in Plenary Hall, KLCC. Bunga Anggun Lestary, a singer from Indonesia was invited to make a concert in Plenary Hall, KLCC on 29 June 2022.

All the accommodation expenses were provided to Bunga Anggun Lestary at cost RM5,000 (hotel RM3,000, meal RM1,000, transportation RM1,000). SEMB has credited RM65,000 to Bunga Anggun Lestary on 17 July 2022 for the performance, but they only received the payment on 31 July 2022.

**Required:**

- i. Explain whether or not the above payments are subject to withholding tax provision and state the amount of withholding tax which Seventeen Entertainment Music Bhd is required to deduct from each of the above payment.  
(10 marks)
- ii. Calculate the amount that Seventeen Entertainment Music Bhd should pay to Bunga Anggun Lestary.  
(2 mark)
- iii. When is the deadline for to Seventeen Entertainment Music Bhd to remit the payment to the Inland Revenue Board?  
(1 mark)

(Total: 35 marks)

**QUESTION 2**

- a. Richwork Online Academy Ltd, a company incorporated in London on 1 June 2022, provides online consultation and training. The Richwork Online Academy Ltd also provides such services to companies in Malaysia, since August 2022.

**Required :**

For the purpose of service tax, explain in detail whether The Richwork Online Academy Ltd is required to apply for service tax registration. You must explain to them about the liability to register and the taxable period.

(4 marks)

- b. Pak Samad & Associates, a taxable person under the Service Tax Act 2018, who has been providing legal services in Malaysia since 2012. For accounting and auditing purposes for the year ended 31 December 2022, Pak Samad & Associates is acquiring services from Calculation Accounting Advisory Firm and also a taxable person under the Service Tax Act 2018. The charge of accounting and auditing services is RM10,250. Pak Samad & Associates also has to pay travelling costs for auditors amounting to RM550, documentation costs amounting to RM150 and administration cost RM250.

**Required:**

Prepare an invoice to be issued to Pak Samad & Associates and explain in detail the tax treatment for each transaction.

(10 marks)



- c. Explain, with reason, which of the following transactions are subject to sales tax. Where relevant, compute the sales value and sales tax payable (using normal rate of sales tax rate at 10%).

*Note: Each of the following transactions should be assessed independently.*

- i. On 1 January 2022, Mara Serve Bhd sold taxable goods costing RM35,000 to a subsidiary company, Mara Gen Bhd, when the market value was RM38,000.
- ii. On 23 March 2022, Karl Mobile Bhd imported an electric motor vehicle from New Zealand at a cost of RM170,000 and sold them to Turbo Mobile Bhd, a company located at Pulau Pinang on 16 June 2022 for RM195,000.
- iii. Habib Manufacturing Bhd sold taxable goods to the Yang di Pertuan Agong on 14 July 2022 at a cost of RM25,000 when the market value was RM28,500.
- iv. Stationery Equipment Bhd is a manufacturer of stationery and supplied stationery to all public higher education institutions in Malaysia from July to December 2022, amounting to RM950,000.

(16 marks)

(Total: 30 marks)

**QUESTION 3**

Rabbani and his brothers, Raihan and Saujana formed a company known as Nasyid Bhd, incorporated on 25 January 2008 with the ordinary share capital of 150,000 shares of RM1.00 each from each shareholder. However, Nasyid Bhd is not a real property company. On 29 June 2008, Rabbani purchased a land in Hulu Langat, Selangor at a cost of RM300,000 and incurred incidental cost on legal fees for RM10,000. Six months later, Rabbani incurred RM500,000 for the construction of factory building. In January 2011, part of the building was destroyed by earthquake and Rabbani received RM100,000 from the insurance company. On 17 July 2019, Rabbani transferred the land and factory building to Nasyid Bhd for a total consideration of RM1,000,000 consisting of RM250,000 cash and the balance in Nasyid Bhd 's shares valued at RM1 each.

On 18 November 2020, Rabbani sold 150,000 shares in Nasyid Bhd (which was acquired on the date of incorporation) for a total consideration of RM200,000 to his son, Inteam. On 1 January 2022, Rabbani disposed his remaining shares to Music Bhd for RM1.80 per share.

Saujana purchased a building in Cheras, Kuala Lumpur for RM320,000 on 1 July 2018. On 28 February 2022, he transferred the building to Nasyid Bhd for a total consideration of RM385,000 consisting of 175,000 units of Nasyid Bhd 's shares valued at RM1.00 each and the balance in cash.

Nasyid Bhd became a real property company on 5 September 2022 after the acquisition of some additional assets. The market value of its real properties as at this date was RM1.85 million. Nasyid Bhd was never a real property company prior to this date. Information relating to the shareholding Nasyid Bhd as follows:

Shareholders	25.1.2008	17.7.2019	5.9.2022
Rabbani	150,000	900,000	-
Raihan	150,000	150,000	150,000
Saujana	-	150,000	325,000
Inteam	-	-	150,000

On 31 December 2022, Saujana transferred all his shares in Nasyid Bhd to his wife, Wassini at RM3.50 per share.

**Required:**

Compute the real property gains tax payable (if any) on all disposals of shares and real property above.

*Note: Show all the relevant computations and give reasons for your answers.*

(Total: 35 marks)

**(TOTAL: 100 MARKS)**

**END OF QUESTION PAPER**

## APPENDIX

## 1. RPGT rates were imposed :

**Part I of Sch 5 applies to the following persons :**

- (a) Malaysian citizen individual;
- (b) Permanent resident in Malaysia;
- (c) Estate of deceased person (executor) who is Malaysian citizen or permanent resident;
- (d) Limited liability partnership;
- (e) Partnership.

CATEGORY OF DISPOSAL	RPGT rate (%)
Disposal within 3 years	30%
Disposal in the 4 <sup>th</sup> years	20%
Disposal in the 5 <sup>th</sup> years	15%
Disposal in the 6 <sup>th</sup> years and thereafter	0%

**Part II of Sch 5 applies to the following persons :**

- (a) Company incorporated in Malaysia;
- (b) Trustee of a trust.

CATEGORY OF DISPOSAL	RPGT rate (%)
Disposal within 3 years	30%
Disposal in the 4 <sup>th</sup> years	20%
Disposal in the 5 <sup>th</sup> years	15%
Disposal in the 6 <sup>th</sup> years and thereafter	10%

**Part III of Sch 5 applies to the following persons :**

- (a) Non-Malaysian citizen individual;
- (b) Non-Permanent resident individual;
- (c) Executor of the estate of a deceased person who is non-Malaysian citizen or non-permanent resident;
- (d) Company not incorporated in Malaysia (foreign company).

CATEGORY OF DISPOSAL	RPGT rate (%)
Disposal within 5 years	30%
Disposal in the 6 <sup>th</sup> years and thereafter	10%

